

# **An Assessment of Customers' Satisfaction on ATM Service Delivery with Reference to Dashen Bank**

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## **Abstract**

In the 1990s and in the beginning of the twenty-first century, there has been a growing interest in understanding the main service quality dimensions that customers use in evaluating the service quality level, which in turn determines their level of satisfaction. This paper examines the level of customer satisfaction in ATM service delivery with reference to Dashen Bank. The paper, using primary and secondary sources of data, has shown that ATM service customers in the case company use different service quality dimensions (attributes). Service quality is usually defined as the degree of alignment between customers' expectations and their perceptions of the service received. In this paper, SERVQUAL was used as technique to measure customer satisfaction in Dashen bank ATM service delivery. The aim is to explore the most important strength and weaknesses of Dashen bank in ATM service delivery. The growing importance of ATM machines as another service delivery channel by banks to their customers lead to a number of supposition and deductions, made on the value creation of ATM service delivery and its extent of use. In the light of this, a profound and comprehensive study was conducted with the aim to first, determine the extent of use and satisfaction of ATM service delivery and secondly determine the type of customer expectations on ATM service delivery with reference to Dashen Bank. Measurement was accomplished by the subtracting expectation from perceptions resulting in a service quality score (gap score). Positive or zero scores would reflect ideal or adequate service quality offered by the bank. A negative score would be indicative of a service experience that did not meet customer expectations. Using the SERVQUAL questionnaire provided, quantifiable reasoning to the research questions in each dimension could be obtained so that precision, objectivity and rigor replaced hunches, experience and intuition as a means of investigating problem areas.

## **Background and Statement of the Problem**

Hill and Alexander (2003), has defined customer satisfaction as a measure of how organization's total products perform in relation to a set of customer requirements, even though surely the customers view of organization's performance will be a perception, customer satisfaction is up to the customers' mind and it may or may not conform with the reality of the situation. A more general definition of customers' satisfaction is given by Kotler (2003); he explains satisfaction as a function of perceived performance and expectations. If the performances fall short of expectation the customer is dissatisfied. If the performance matches the expectation the customer is satisfied, while when the performance exceeds the expectation the customer is highly satisfied or delighted. The growth of technology in the delivery of services has had a dramatic effect on the nature of the core offering. Gilbert (1997) defines this process the "revolution" that has taken place in technological development in the past two decades.

The nature of service offered by organizations has changed over the past two decades. This change has been influenced by the development of storage and speed of data transfer, particularly in electronic funds transfer known as EFTPOS. Whole new industries have emerged (Bradley, 1993), including news retrieval services and video conferencing. At present, Dashen Bank is involving itself in issuing locally used Debit cards. The cards currently issued are all VISA branded payment cards and the service is available in the selected existing locations at Dembel City Center, Sheraton Addis, Hilton Hotel, Dashen Tana Area Bank, Dashen main Area Bank, Dashen Management Area Bank, Admas Pavilion Building, Dashen Piazza Area Bank, Wabe Shebele Hotel, and Dashen Awassa Area Bank. Although, there is a remarkable program in the expansion of ATM service delivery, there are observable problems in meeting customer expectations, so this research has been conducted with the aim to find out problems and forward

possible suggestions, that would enable the company to provide efficient and effective ATM service delivery.

When customers evaluate the quality of the service they receive from a banking institution, they use different criteria, likely to differ in their importance. While several criteria are important, only a few are most important. These determinant attributes are the ones that will define service quality from the consumer's perspective (Loudon and Della Bitta, 1988). However, many established models of service quality have tended to focus on expectations and marginalize the issue of degree importance. One of the most widely used model to measure perceived service quality was developed by Parasuraman *et al.* (1985; 1988). This conceptual model indicated that customers' perception of service quality is influenced by a series of (expectations-performance) gaps, hindering the delivery of high service quality. This disconfirmation-based model has been the object of some major criticisms, including ambiguity in the definition of expectations and its applicability to a variety of industries (Teas, 1993, 1994; Cronin and Taylor, 1992, 1994). Another weakness of this model is that for it to function correctly, expectations must remain constant, but some scholars, as Carman (1990), argue that expectations change with familiarity with the service. Finally, the framework does not explicitly consider the relative importance of different attributes of service (although it may be that expectations serve as some kind of proxy for importance – at least in terms of decisions regarding the management of service quality).

Dashen Bank has made a ground breaking effort in introduction and expansion of payment card service in Ethiopia. However, noting this praiseworthy accomplishment is not to mean the service is flawless. There are a number of problems observed in its operations as described below. Currently, there exist several different types of ATM machine terminals that are employed by merchants worldwide. Each type of terminal is capable and supposed to make life easier for the merchant and the customer. Goods and

services can now be purchased with just the swipe of a card. Lines move faster as merchants achieve an even higher level of customer satisfaction. Plus merchants can have the credit card funds attributed to their own bank account in forty-eight hours or less. This saves the merchant from extra trips to the bank and the hassle of filling out countless deposit slips. Merchants have a variety of credit card processing terminals to choose from, so they can find the perfect solution to meet their business needs.

The Bank Point pin pad is the smallest credit card terminal as it fits right into the customer's hand. This ensures an extra source of security when customers or merchants are typing in debit and credit information. Last but not least a personal computer can be used as a credit card terminal with the right compatible software. This software enables the merchant to run online and offline credit card transactions. This option is best for merchants who have their own websites or mail-order catalogs or small internet service providers. The other is related to ATM (Automated Teller Machines). This service provides for withdrawal of cash using VISA card without the need to fill out withdrawal forms, writing checks or waiting in line for personnel of the bank to process the transaction. However, these machines are not available everywhere, VISA card holders might not be able to use this either around their living areas or work places. In addition, the amount of cash withdrawal that can be making using a VISA card within 24 hrs is limited to Birr 3000. This disregards the needs of customers to make withdrawals from their account as they wish and ignores uninvited occurrences that call for an additional amount of cash withdrawal. To investigate the problem stated above the following research questions were raised.

## **Research Questions**

This research paper tried to find answers to the following basic research questions:

- A. What are the specific ATM service quality dimensions (attributes) with the highest and lowest value of customers' expectation for ATM service delivery;
- a) Specific ATM service quality dimensions (attributes) with the highest customer expectation value;
  - b) Specific ATM service quality dimensions (attributes) with the lowest customer expectation value;
- B. What are the ATM specific service quality dimensions with the highest and lowest value of customers' perception for ATM service delivery;
- a) Specific ATM service quality dimensions (attributes) with the highest customer perception value;
  - b) Specific ATM service quality dimensions (attributes) with the lowest customer perception value;
- C. What are the specific ATM service quality dimensions (attributes) with the highest and lowest gap score value of customers' for ATM service delivery;
- a) Specific ATM service quality dimensions (attributes) with the largest gap score;
  - b) Specific ATM service quality dimensions (attributes) with the smallest gap score;
- D. Are customers satisfied with the level of ATM service coverage in Dashen Bank?
- E. What are the core ATM service quality dimensions (attributes) that consumers use to evaluate ATM service delivery in Dashen Bank?

## **Research Design and Methodology**

### **Conceptual Framework**

Among other things, the level of customers' satisfaction is recognized as dependent on the quality of service delivered to the target market. Hence,

customers handling require special attention to their needs and, once settled, criterions call the organization to adapt the marketing strategy and ensure it to be a client-oriented one. According to Kotler (2002), customer satisfaction is a person's feeling of pleasure or disappointment resulting from comparing a product's perceived product performance in relation to his\her expectation. Moreover, Hill and Alexander (2003) defined customer satisfaction as a measure of how organization's total product performance in relation to a set of customer requirements is perceived; customer satisfaction is in the customer mind and it may or may not conform to the reality of the situation. Venugopal and Raghu, (2004), defined a service as an activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything, even though its final output may or may not be tied to a physical-product.

One of the most basic concepts in marketing is the marketing-mix, which are the elements an organization controls and that can be used to satisfy or communicate with customers. According to Jerome McCarthy (1960), traditional marketing-mix is composed of four P's: product, price, promotion, and placement. These elements appear as core design variables in any marketing plan. However, in selling pure services additional marketing-mix elements are required, referred to as "extended marketing-mix elements" that include people, process, and physical evidence. However, no single variable has a greater predictive validity with regard to customers' satisfaction on bank service delivery, more particularly with reference to ATM service delivery. Perspectives on bank service quality can be classified on the basis of a conceptual framework that describes quality of ATM service delivery. The most frequent used way to do this is to depict ATM service delivery as a productive system, in which inputs are transferred into outputs.

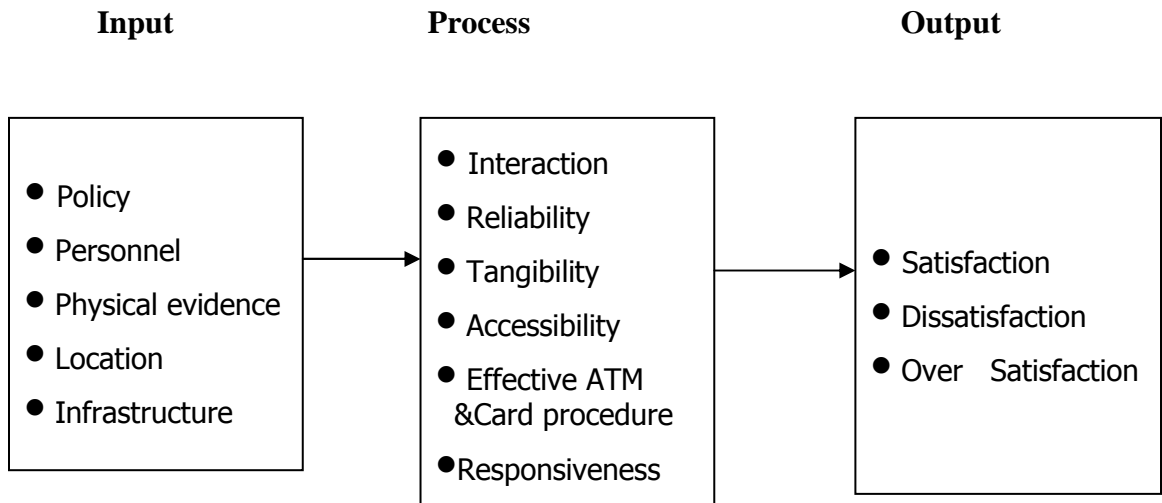


Figure1: The Input-Process-Output Framework of Customers' Satisfaction on ATM Service Delivery

In the Input-Process-Output (IPO) framework, in which “Input” refers to the entry requirement, “Process” refers to the ATM service delivery of the case company, and “Output” refers to the level of customers’ satisfaction on ATM service delivery. According to the productivity system view, the success of the bank service delivery system is seen as depending on the attainment of the aspired output (Satisfaction, dissatisfaction, or delight). This view underlines the output\outcome\impact indicator as predominant or even the only type of quality indicator that need to be monitored. The IPO model is popular and comprehensive in conceptualizing quality and to have an operational understanding of quality. Basing on this model, this study have tried to define quality of ATM service delivery from the specific perspective of input variables like considering customers’ expectation, company’s promises, quality of service delivered, and others as a parameter of quality ATM service delivery. According to Kotler (1998), customer service is to give what we promised on time and refers to every possible value from the goods and services customer are purchasing. It is the actions

companies can take to add value to the basic goods and services. Moreover, Johanson (2000) pinpointed companies by doing a better job in order to satisfy their customers' needs and wants, and find out customer-centered companies are committed at building customers, not just building a product.

## **Research Method**

To collect the data needed and to address the above mentioned problems descriptive research method were used.

## **Population, Sample Size, and Sampling Technique**

- ❖ Treating the whole ATM service users in the case company as a source of primary data could not be possible due to resource constraints; the population was represented by sample elements.
- ❖ The Purpose of this research is to gain a better understanding of level of customer satisfaction in ATM service delivery of Dashen bank from the customer perspective;
- ❖ For the study sample respondents were selected from the Addis Ababa area because it was convenient for the researcher and it has taken less time to conduct research;
- ❖ To seek answer to the above mentioned research questions ATM service users of Dashen Bank and VISA section manager were considered with the intention of assessing satisfaction level of ATM service users in the case company;
- ❖ As a unit of study, 200 sample respondents (ATM users) were selected by using convenience sampling technique from the specified location to make generalization towards the total population, as per the explanation made by Motholtre (2007) on sample size determination.



## **Types of Data Used**

Both primary and secondary data were used in order to make the study complete and achieve the stated objectives:

- Primary data include responses gathered from Dashen Bank ATM service users and interview responses from VISA section manger;
- Secondary data include data which helps the researcher for assessing customers' level of satisfaction obtained from the company's record and from other different books, pertaining to research under consideration.

## **Data Gathering Instruments**

In order to collect the above mentioned types of data the following instruments were employed:

- The primary data were acquired through structured questionnaire incorporating a total of 23 close-ended questions. This was supplemented by collection of data through unstructured interview conducted with the VISA section head at Dashen Bank about the delivery of service demanded by ATM customers;
- Secondary data were collected through reading secondary sources.

## **Data Analysis Techniques**

Quantitative and qualitative data analysis techniques were used in this study. To summarize the findings, percentages and mean value of customer expectations and perceptions, and gap scores were computed to get the total picture of the data collected from sample respondents.

Then, the summarized data were presented in the form of tables and analyzed through qualitative data analysis techniques.

## **Data Presentation and Analysis**

Out of the 200 survey questionnaires that were distributed to respondents for this study, 180 useable questionnaires were filled and

returned giving a response rate of 90 per cent, which was considered satisfactory for the analysis purpose. This analysis proceeded by identifying the relevant dimensions of service using the items generated from the focus groups and these were then examined in more detail for purposes of comparison between themselves and across respondents.

It is clear from the SERVQUAL results that there is a gap between what Dashen Bank's VISA card customers expect and what the service firm is providing. A lot of criticism, over a number of issues, has been published about the SERVQUAL instrument but this instrument does clearly identify, and has identified, weaknesses in Dashen Bank's services on which management should further work. The research findings show that SERVQUAL identified key service quality shortfalls and is a more than sufficient yardstick to measure service quality in a bank. Ziethaml and Parasuraman (2004) stated that a good listening system could incorporate approaches to address all possible reasons for not understanding what customers expect. Reading the customers comments and connecting it to what the research data has revealed shows that administration and VISA card section do not know what customers expect, so knowing what customers expect is the first and most important step in better delivering a quality service.

This section of the thesis is devoted to the precise presentation of the study and briefly describes how the study was conducted. Moreover, it presents the major findings of the study as discussed under chapter four. According to the data collected about the general characteristics of the respondents, male respondents with the age range of 36-45 constitute the largest portion of the population, 63.9% and 67.8% respectively. Moreover, with respect to the educational background and occupation of the respondents more than half of the respondents (64.5%) do have either first degree or second degree and above and most of the respondents indicated that they are employed in a private firms. Finally, respondents indicated that

(58.3%) of them earn a monthly income between 2001-5000 (in ETB), followed by (22.2%) who earns a monthly income of 5000-10,000 (in ETB). With respect to the data presented about mean value of customer expectation, perception, and gap score for the tangibility service quality dimension respondents indicated that they have the higher expectation (3.83) for the bank's materials, associated with the service (such as pamphlets) to be visually appealing. However, based on their response, the highest mean value of perception (4.08) and the highest gap score (0.56) is related to the physical facilities in the bank to be maintained with the type of service provided.

Looking at the mean value of expectation, perception, and gap score for the reliability service quality dimension respondents indicated that they do expect the bank to perform their service at the first time (4.37), but the data pinpointed that customers had the highest perception (4.23) for the trustworthiness to solve their problems if occurred. Out of the total reliability specific service quality dimensions, the lack of 'doing things right the first time' caused the highest dissatisfaction (-1.26). The highest mean value of customer expectation, perception, and gap score for the specific service quality dimension of effective ATM & card procedures includes ATMs in the bank are easy to use (4.23), the bank has easy procedure for obtaining ATM cards (4.18), and Dashen bank to have an extensive or easily accessible ATM networks (-1.12). On accessibility service quality dimension the highest mean value of customer expectation, perception, and gap score is indicated in the ATMs in the bank to be user-friendly (4.06), to have a sufficient number of ATMs, and ATMs to be placed at a convenient locations (-1.10).

Physical environment features were the final specific service quality dimension and according to the data presented in the fourth chapter, the highest mean value of customers' expectation and perception were recorded in the bank to have an attractive and well designed environment (3.47), and

yet this factor had the highest mean perception value (4.01). The lowest gap score (0.09) that creates the lowest level of satisfaction were related to the availability of parking lots. When we look at all the service quality dimensions, respondents indicated that the highest and the lowest mean value of customer expectation is related to the bank performing their service at the first time (4.37) which is a reliability service quality dimension and the bank replaces their ATM cards if lost or stolen (2.79) which is effective ATM & card procedures respectively. With respect to the highest and the lowest mean value of customer perception, respondents indicated that “I trust Dashen bank to solve problems if occurred” (4.23) had the highest perception mean value which is reliability service quality dimension, and customers’ perception mean value for all the ATMs in the bank were found the lowest (2.87).

The bank performs my service at the first time” (-1.26), which is the reliability service quality dimension and “the bank always keeps my privacy of transaction at ATM” (-0.20), which is related to the effective ATM & card procedures, were found to be the largest and the lowest gap score recorded respectively.

## **Conclusions**

The conclusion reached as a result of data analysis and interpretation is:

- The higher mean value of expectation for each service quality dimensions (attributes) are indicated as follows:
- The bank’s materials associated with the service to be visually appealing;
- The bank performs my service at the first time;
- ATMs in the bank are easy to use.
- The three lowest mean value of customer expectation:  
The bank replaces my ATM cards if lost or stolen;  
I can easily park my car, and

The bank has clear environment.

Looking at all the variables used in evaluating ATM service quality, the following three variables do have the highest mean value of customer perception:

- I trust DB to solve problems if occurred' (Reliability),
- The Bank has easy procedure for obtaining ATM cards' (Effective ATM & card procedures),
- Dashen Bank's equipment is modern' (Tangibility).

The following three variables do have the lowest mean value of customer perception:

- All ATMs in the bank are in working order' (Effective ATM & card procedure),
- DB placed its ATMs at a convenient locations' (Accessibility), and
- DB has an extensive/easily accessible ATM networks' (Effective ATM & card procedures).

-The following are variables with the largest mean value of gap score (P-E):

- The bank performs my service at the first time' (Reliability),
- DB has an extensive/easily accessible ATM networks' (Effective ATM & card procedures),
- DB placed its ATMs at a convenient locations' (Accessibility),

The following variables do have the smallest mean value of gap scores (P-E):

- The bank always keeps my privacy of transaction at ATM (Effective ATM & card procedures),
- ATMs in the bank are easy to use (Effective ATM and card procedures),
- Service is delivered at the right time (Reliability).

## **Recommendations**

The analysis from the mean value of customers' expectation, perception, and gap scores displays a perceptual problem, when the sample indicates poor performance of electronic banking facilities compared with an

ideal banking service. The major findings and conclusions made up on these major findings of the research Dashen Bank should concentrate on its efforts in several areas and providing appealing ATM service:

- ✓ DB should identify service quality expectations with the higher value and accordingly design strategies, as the bank's materials associated with the service to be visually appealing, the bank performs my service at the first time, ATMs in the bank are easy to use;
- ✓ DB should provide statements of all transactions that have been conducted electronically, since such visible documents create confidence in the customers' mind;
- ✓ DB should find ways of making their electronic services more accessible to promote the level of customers' satisfaction;
- ✓ DB should strive hard to deliver its services at the first time or follow the fail-safe strategy, which is one of the major service quality dimensions which hugely affect customers' level of satisfaction;
- ✓ DB should focus on service quality dimensions with the lowest mean value which includes All ATMs in the bank are in working order' (Effective ATM & card procedure), DB placed its ATMs at a convenient locations' (Accessibility), and DB has an extensive/easily accessible ATM networks' (Effective ATM & card procedures).
- ✓ DB should improve the security of ATMs by making them well lit up at night;
- ✓ DB should also provide customers with a toll free number, so that they will be allowed to vent their discontent in the service;
- ✓ DB should develop even the ATM facilities to cater the elders and disabled.

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