Automated Teller Machine – Its Benefits and Challenges

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ABSTRACT

In today’s world where life is moving at a fast pace, the human being prefers to access money whenever he requires it. A person may require funds to complete his / her business transaction, someone is not well, in general any emergency situations. A person would bank his / her money if it could be accessed easily instead of waiting for the bank to open or only for banking hours to do the work. Many customers are choosing banks which would provide them Automated Teller Machine facility. The ATM is a machine which facilitates banking transactions and makes the customers life peaceful and easy.

Keywords: access money, Automated Teller Machine, easy transaction.

Introduction

To access the funds which are kept in the bank at any time is not an easy task but today it is not at all difficult. A person just has to tell his bank that he wants an ATM card. The bank issues him an ATM card which is passcoded and could be used by him alone. ATM card is called by different names like bank card, MAC(Money access card), client card, key card or cash card, etc. In most cases even debit and credit card could be used.

The ATM card helps the customer to be identified by a plastic ATM card with a magnetic stripe or a plastic smartcard with a chip. The security is provided by the customer entering a personal identification number (PIN). Now the person who needs funds when he is taking his family out of shopping or when he requires funds for an outing it is easily done. If someone falls very seriously ill the person can remove the funds in the middle of the night too.

The ATM machine helps the customer to make his / her life much easier. It does most
of the functions which a cashier would do. The ATM card is slowly replacing cheque, the personal attendance of various customers, has increased banking hours and reduced the holidays. They do not require any paper based verification.

**Objectives of the Study**

1) The primary objective of this research paper is to provide a complete knowledge of ATM and its benefits.

2) To have a knowledge of the problems of ATM.

**Research Design**

The primary and secondary data was collected. A questionnaire was prepared using closed end questions for a sample size of 65 respondents.

**Types of ATM’s**

There are 3 types of ATM’s by Nature: Bank ATM’s, Brown Label ATM’s and White Label ATM’s

3 types by Location: Onsite ATM’s, Offsite ATM’s and Stand Alone ATM’s.

**ATM’s By Nature**

- **Bank ATM’s**: The ATM’s which are owned, installed and managed by banks.

- **Brown Label ATM’s**: They are outsourced to a company who installs, manages and look after the ATM’s. These have a logo of the bank that ensures it is installed by the bank. These are mostly used by private sector banks.

- **White Label ATM’s**: These are similar to Brown Label ATM’s except they don’t have any logo of the bank.

**ATM’s by Location**

- **Onsite ATM’s**: These ATM’s are seen in the bank or its branch building.

- **Offsite ATM’s**: These ATM’s are in separate building but in the area where the bank or its branch is.

- **Stand Alone ATM’s**: These are similar to Offsite ATM’s except they are nowhere in the bank or its branch area. It is mainly found in malls and stations, etc.

**Features of Automated Teller Machine are:**

An Automated Teller Machine is a computerised machine which was designed for certain transactions but today it can do much more like:

- Withdrawl of Money
- View Bank Statement
- Fund Transfer
- Cash Deposit
- Balance Enquiry
- Cheque Deposit
- Printing bank statements
• Updating passbooks
• Paying routine bills, fees, and taxes (utilities, phone bills, social security, legal fees, taxes, etc.)
• Cash advances
• Cheque Processing Module
• Paying (in full or partially) the credit balance on a card linked to a specific current account.
• Order a cheque book.
• Transfer of funds between accounts.
• Deposit currency recognition, acceptance, and recycling.
• Prepaid Mobile Recharge
• ATMs are ideally suited to sell paper-based products and services such as tickets, wireless phone recharge cards, financial products.
• Transferring money between linked account (such as transferring between checking and savings accounts).
• Mini statements which gives you 5 recent transactions conducted

Various Automated Teller Machine Services

ATM’s is easy to operate for a customer. The ATM’s services may differ from bank to bank and definitely from one nation to another. To know about each and every service provided always go through the brochure that bank provides you. The bank provides the customer with an ATM card with a PIN number which should be kept secretive for security reasons.

Advantages of Automated Teller Machine

• ATM provides 24 hours service.
• ATM gives convenience to the bank’s customers.
• ATM reduces the workload of bank’s staff.
• ATM provides service without any error.
• ATM is very beneficial for travellers as they don’t have to carry large amount of cash.
• ATM may give the consumers new currency notes and not soiled notes.
• It reduces the hustle and bustle which is involved in a transaction when done through teller.
• ATM provides privacy while conducting banking transactions.
• The bank customers expect high reliability in their ATM’s which provide incentive to the bank to minimise machine and network failures.
• There is no need of filling forms because ATM requires no such document.
• The customer is able to access the bank from any part of the world and can conduct essential banking services like deposits, withdrawals, transfer of funds, etc.

• A lot of expansion of services can happen with an ATM to any corner of the world by providing electronic access to its customers.

• ATM’s help in reducing the cost of operation as it reduces human intervention and increases profitability of banks.

• The financial consequences which would arise of an incorrect machine also provides incentive to the bank to minimise malfunctions.

• Some ATM’s print each transaction to a roll paper journal which is stored in the ATM. This allows the users and the related banking institution to settle things based on records if any dispute arises.

• For customer security the lobbies have extensive security camera coverage, a courtesy telephone for consulting with the bank staff and a security guard on the premises.

• Openings on the customer-side of ATMs are often covered by mechanical shutters to prevent tampering with the mechanisms when they are not in use.

• Alarm sensors are placed inside the ATM and in ATM servicing areas to alert their operators when doors have been opened by unauthorised person.

Disadvantages of Automated Teller Machine

• ATM Card cloning fraud
• Fake ATM’s
• Attack on ATM’s
• PIN crack
• If ATM networks do go out of service, customers could be left without the ability to make transactions until the beginning of their bank's next time of opening hours.

• The ATM machine doesn’t guarantee a 100% availability of cash. It may run low of funds and the customers have to wait till the management takes care of it.

• The cost levied to a customer using an ATM can be higher.

• Robbers preyed on people using money machines in poorly lit or otherwise unsafe locations and criminals also devised ways to steal customers’ PINs.
Consumers were faced with an increase in ATM crimes and scams.

ATM’s cannot be provided in rural areas: In a country like India, where banks are having large number of rural and non-computerized branches, ATM services become difficult to be provided.

The presence of various constraints makes it more difficult to introduce ATM services in the countryside like illiteracy, security concern, etc.

There is a limitation of cash withdrawals from ATM’s. Many banks do not permit withdrawal of more than 25,000 at a time.

The cash deposit facility is restricted and not safe as dropping of envelope in an ATM is not advisable.

There is strong possibility of misusing ATM card if misplaced, lost or stolen. There are number of such reported incidences nowadays.

There is loss of personnel touch of customers with the Banks.

Statistical analysis of ATMs - Basavanagudi, Bangalore around 5 kms.

It can be seen from the graph that ATMs exist in Basavanagudi, Bangalore. In a very small radius there are so many ATMs which shows that people prefer to use an ATM card. It is very important for the customers to take benefit of various ATMs.

A questionnaire was prepared to analyse further specific topics:

Features of ATM

ATMs are mostly used for withdrawals of cash and the rest of the purposes are minimally used.
Benefit of ATM Card

ATMs cards are generally preferred for their 24hrs service and for comfort in carry card.

Other preferences of the card being used are online transactions, trading and paying bills.

Problem while using an ATM Card

Cash shortage and unavailability of preferred denominations are the complaints received maximum from the customers.

Disadvantages of ATM Card

Safety issues are the main concern for many of the customers under analysis. Hence the banks have come up with safety measures that could be of beneficial for many of the customers, such as changing of PIN often, provision for blocking the card and one time password for online transactions.

Conclusion

The Automated Teller Machine has changed people’s lifestyles and how the banking industry functions. ATM’s provides a lot of benefits to the people but it has given rise to criminal activities. The most important benefit the banks experience is of providing its customers funds as and when it is required. That is because the customers are more than happy and satisfied. They are able to do various other transactions also and it has proved to be very helpful to the customers. The banking industry should take steps to make its ATMs safe and secure for its customers.
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