

A Study on recognizing value of branches and ATMs with special reference to State Bank of India

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Abstract

The advent of modern computers and electronic devices has led to the reduced difficulty in managing a bank account associated with any customer by making his regular activities such as performing financial transactions like cash withdrawal and deposits, accessing periodical transaction statements at any instant and anywhere without having direct interaction with bank officials which consumes more time by means of following the huge queuing system. The development of Automatic Teller Machine (ATM) has resolved many problems faced by domestic and national customers of the bank by serving them through distance mode with an enhanced service quality without compromising the customer satisfaction and prolonged relationship. The current study aims to emphasize the service quality which is regarded as a source of competitive advantage in banking, as it constitutes the major driver of customer satisfaction and delightment. The paper has highlighted the various branches and ATM

facilities of State Bank of India in our country. The research findings have shown that there exists a strong relationship between the branches and number of ATM centres as the correlation coefficient values is 0.967 and there will be an increase of 2.835 units in the branches.

Keywords: - *ATM Banking, Self Service banking, Service Quality*

1. Introduction

State Bank of India has over 50,188 ATMs across the country. SBI ATMs offers a bundle of banking services to their customers like fast cash withdrawal and deposit, cash to card transfer, mobile recharge , transaction statements in mini form , balance enquiry , pin change at periodical sessions etc. State Bank of India is the largest public sector bank in India with over 17,167 branches and 50,188 ATMs across the country to serve their customers and also it allows the other bank customers to withdraw cash from its ATM centres. Being present like a Giant in

the banking sector throughout the nation with more account holders, it allows the customers to avail the ATM facilities at free of cost at State Bank Group ATMs using any of the State Bank ATM-cum-Debit Cards with limitations according to the customer portfolio and type of account associated with the bank.

2. Automatic Teller Machine

The British inventor John Shepherd-Barron developed a machine which dispenses cash when he saw a vending machine selling chocolate bars in London in the year 1967. The machine developed by John Shepherd-Barron uses paper vouchers printed with radioactive ink which can be read by the machine for cash dispensing at Barclay's Bank for the first time in history. Further development of ATM machine was seen in the year 1969 by Donald Wetzel from United States who operated the machine by using plastic cards similar to the present usage. In India the first bank to introduce the ATM facility was HSBC (Hongkong and Shanghai Banking Corporation) in the year 1987. Followed by HSBC many banks adopted the concept of ATM due to the expansion of banking sectors throughout the nation and the huge increase in customer base. SBI has many associated banks linked with it by having a slight change with the name of the

respective states of the country such as State Bank of Hyderabad and State Bank of Travancore for an example. The plastic card provided for withdrawing the cash from an account help the customer in distinct ways such as replacing the time limited cheque, filling up of chellan and waiting in a queue. The primary advantage of using ATM facility is that it provides information such as money withdrawn from the account, balance amount available on date and also provides information about the non-maintenance of minimum balance in the account which may end up with a debit of fine amounts. The added advantage of SBI ATM's are it is equipped with a Provision of multiple machines at the same place in case of main branches and also cash deposit machines. Self-service Banking through ATM operation is made easy for customers to avail 24/7 around the year from any location.

3. Bank Branches

The origin of relationship between a customer and a bank gets started from the bank branch which generally acts a channel for making a bond between the both. The branches spread over the country gives a clear idea about the various products associated with the bank such as types of account that can be started, loan products like educational loan, gold loan, agricultural

loan and also credit card accounts. The primary objective of a branch is to serve the customers for their basic requirements like account opening, applying for a loan, requesting cheque book, changing the old debit and credit card, issues related to wrong transactions and transactions which ended in money non-dispensable from ATM centres. The visit to a bank branch gives an extended understanding about the functioning of the branch and its features to a customer. But in current scenario banks generally opt for online applications form for creating new accounts, loan applications and credit card

applications by uploading their documents requested for processing. Due to the increase in customer base and the difficulties realised in providing them quality service banking sectors have moved upon to reduce the risk and time involved in serving the customers through digital platforms. The Table 4.1 shows the Branches and ATMs of Scheduled Commercial Banks - Nationalized Banks. The Fig No 1 shows the Branches of Scheduled Commercial Banks – Nationalized Banks.

Table No 1: Branches and ATMs of Scheduled Commercial Banks - Nationalized Banks

Sr. No.	Name of the Bank	Branches					ATMs		
		Rural	Semi - Urban	Urban	Metro-politan	Total	On-site	Off-site	Total
1	2	3	4	5	6	7	8	9	10
1	Allahabad Bank	1,206	763	648	628	3,245	821	393	1,214
2	Andhra Bank	745	772	668	734	2,919	3,113	816	3,929
3	Bank of Baroda	1,811	1,524	922	1,166	5,423	6,296	4,224	10,520
4	Bank of India	1,829	1,455	804	983	5,071	3,483	4,234	7,717
5	Bank of Maharashtra	617	435	343	502	1,897	1,292	586	1,878
6	Canara Bank	1,773	1,937	1,141	1,241	6,092	5,391	5,128	10,519
7	Central Bank of India	1,608	1,349	847	914	4,718	3,481	1,804	5,285
8	Corporation Bank	586	793	521	557	2,457	2,306	863	3,169
9	Dena Bank	573	434	367	409	1,783	1,290	248	1,538
10	Indian Bank	706	732	574	605	2,617	2,617	741	3,358
11	Indian Overseas Bank	923	1,000	693	767	3,383	2,705	974	3,679
12	Oriental Bank of Commerce	557	619	609	597	2,382	2,296	325	2,621
13	Punjab and Sind Bank	554	276	347	327	1,504	1,049	204	1,253
14	Punjab National Bank	2,538	1,682	1,190	1,094	6,504	5,947	4,734	10,681
15	Syndicate Bank	1,190	1,092	813	856	3,951	3,571	402	3,973
16	UCO Bank	1,074	821	599	579	3,073	2,201	578	2,779
17	Union Bank of India	1,243	1,279	846	906	4,274	4,484	3,034	7,518
18	United Bank of India	778	406	470	358	2,012	1,132	991	2,123

19	Vijaya Bank	470	528	519	513	2,030	1,663	338	2,001
20	IDBI Bank Ltd.	408	585	503	499	1,995	1,822	1,715	3,537
21	Bhartiya Mahila Bank	25	9	36	34	104	-	-	-
22	State Bank of Bikaner and Jaipur	462	339	226	289	1,316	1,220	798	2,018
23	State Bank of Hyderabad	509	603	374	438	1,924	1,793	572	2,365
24	State Bank of India	5,962	4,888	3,078	3,239	17,167	23,161	27,027	50,188
25	State Bank of Mysore	318	255	228	273	1,074	1,096	330	1,426
26	State Bank of Patiala	456	346	313	228	1,343	1,183	344	1,527
27	State Bank of Travancore	112	725	211	139	1,187	1,132	607	1,739

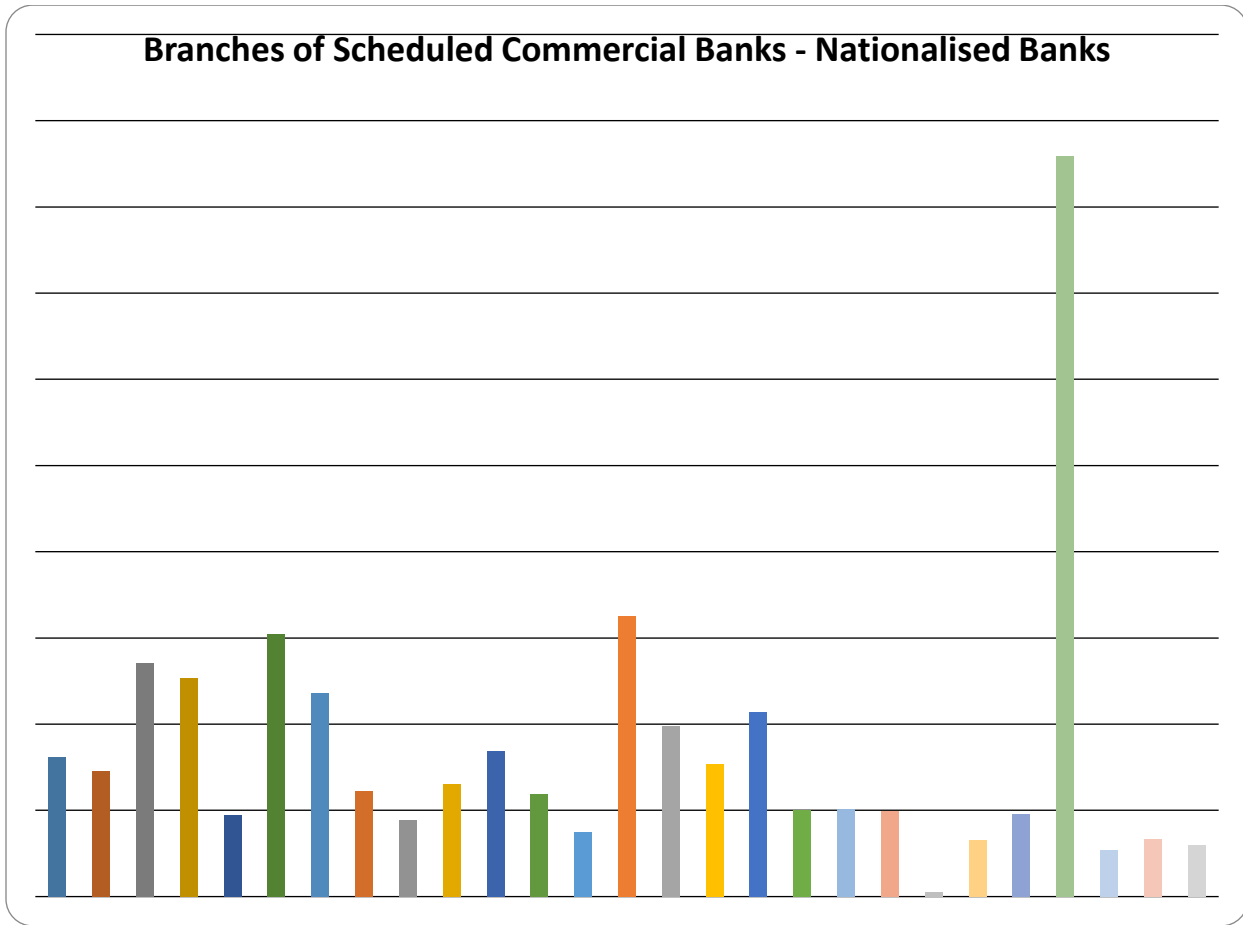


Fig No 1: Branches of Scheduled Commercial Banks – Nationalized Banks

4.REVIEW OF LITERATURE

Lovelock et.al (2000) studied and reported that the ATM centres provided for the banking services and account operability of a customer has resulted in performance with superior quality and excellence. The ATM centres equipped with

Security personnel round the clock, Air conditioning, Adequate spacing between the machines placed, user friendly interface in multiple languages are factors which enhances the customer satisfaction and bonding with the bank.

Agnihotri (2001) reveals that “ Information Technology (IT) way of getting cash” explained the working of ATM, ATM penetration per million persons in Asian countries and the system of security–how it works and also the frauds of ATM .

Kumbhar et.al (2011) has given a recommendation through his research that cost effectiveness of ATM service is the core factor which affects the overall customer satisfaction and delightment and also it has close linking with the customer also it has it has close linking with the customer retention with a particular banking service provider.

Pandianetal (2012) has urged about the importance of money at critical situations to a customer in public holidays, lockdown days and medical emergencies where reaching a bank branch may be not possible or difficult from the customer’s end. The plastic card provided for the customers makes them to access for making online payments too.

5. Research Methodology

This study covers secondary data. Secondary data collected mainly from Reserve Bank of India website and also from various published and unpublished reports including books, periodicals, magazines, government reports, journals and websites, etc. Data collected from rbi.org till March 2017. A correlation and regression tool has been used for analysis.

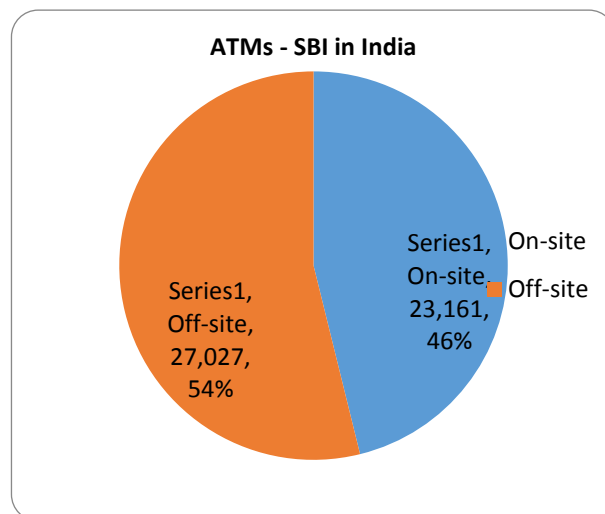


Fig No 2: Number of ATMS of SBI

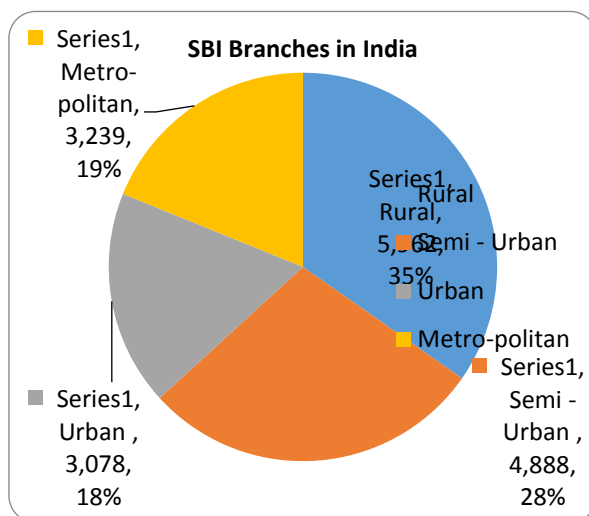


Fig No 3 : Number of Branches of SBI

The Table No : 2 represents the total Number of Branches and ATMs of State Bank of India

Table No : 2 Total Number of Branches and ATMs of State Bank of India

Name of the Bank	Branches					ATMs		
	Rural	Semi - Urban	Urban	Metro-politan	Total	On-site	Off-site	Total
State Bank of India	5,962	4,888	3,078	3,239	17,167	23,161	27,027	50,188

From the above table and chart SBI atm has 54 % are in off-site location and 46% are in on-site location. Branches of SBI are 19% Metro-Politan, 18% are Urban, 35% are Rural and 28% are in semi-urban.

a. Table No:3 Correlation Coefficient

		Total Branches	Total ATMs
Total Branches	Pearson Correlation	1	.967**
	Sig. (2-tailed)		0
	N	27	27
Total ATMs	Pearson Correlation	.967**	1
	Sig. (2-tailed)	0	
	N	27	27

** . Correlation is significant at the 0.01 level (2-tailed).

From table 3 - correlation test, found the degree and relation between total branches and total ATMs. The Pearson correlation value, r is 0.967. There is a significant relationship between branches and ATMs of the bank.

c. Regression Analysis

The first table of interest is the **Model Summary** table, as shown below:

Table No:4 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.967 ^a	0.935	0.932	2448.362

a. Predictors: (Constant), Total

Branches

Table 4 provides the R and R² values. The R value obtained is an indice about the degree of correlation and is the value 0.967 (the "R" Column) indicates a correlation with higher degree. The R² value (the "R Square" column) indicates how much of the total variation in the dependent variable, ATMs, can be explained by the independent variable, branches. In this case, 93.2% can be explained, which is very large. The ANOVA table following the correlation table reports about how well the regression equation fits the data and is shown below:

Table No : 5 ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2158706063	1	2158706063	360.116	.000 ^b
	Residual	149861854	25	5994474.168		
	Total	2308567917	26			

a. Dependent Variable: Total ATMs

b. Predictors: (Constant), Total Branches

From table 5 the prediction of dependent variable from regression analysis shows statistically significant. The P value , which is less than 0.05 which indicates the regression model statistically significantly predicts the outcome variable. The Coefficients table 6 provides us with the

necessary information to predict ATMs from branches, as well as determine whether branches contribute statistically significantly to the model (by looking at the "Sig." column).

Table No: 6 Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	- 4161.416	693.779		-5.998	0
Total Branches	2.853	0.15	0.967	18.977	0

Dependent Variable: Total ATM's

These estimates show about the relationship between the independent variables and the dependent variable. These estimates indicate the number of branches increases in that would be predicted by a 2.853 unit increase in the predictor.

Conclusion

The following points may arrive the conclusion of the present work

- According to the secondary data there is a correlation between branches and ATMs. Branches are mainly used for the first time use of the products as well as to choose options of other products.

- An ATM is considered to be self-banking where any time use of the service has been used by the customers. From the above data, branches and ATMs are increasing gradually to serve the customer.
- SBI - largest public sector bank in India with highest number of branches and ATMs in the country. From regression analysis there exists a relationship between branches and further predicts that there will be increase in future for both.
- The person coefficient value 0.967 shows that there will be a significant relationship between the branches

and number of ATM centres of the bank considered in study.

- Banks need to concentrate on service quality dimensions to have high competitive advantages. Service quality dimensions are more difficult to imitate like service ranges provided by different banks.
- Service quality improvement leads to sustainable advantage as well as brings a great benefit for the bank in the long run.

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