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**ST.MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
MBA PROGRAM**

**AN ASSESSMENT OF CUSTOMER SATISFACTION ON AUTOMATED
TELLER MACHINE SERVICE: THE CASE OF COMMERCIAL BANK
OF ETHIOPIA (West Addis Ababa District)**

**By
TSION TEKLEBRHAN**

JUNE, 2018

ADDIS ABABA, ETHIOPIA

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ID NO. SGS/0061/2008B

**THESIS SUBMITTED TO ST. MARY UNIVERSITY, SCHOOL OF
GRADUATE STUDIES IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION (MBA)**

JUNE, 2018

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APPROVED BY BOARD OF EXAMINERS

Dean, Graduate Studies

Signature

Advisor

Signature

External Examiner

Signature

Internal Examiner

Signature

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ACKNOWLEDGMENTS

First and for most, my heartily thanks go to the almighty God –the father and the Son and the Holy Spirit for his graciously provision of knowledge, wisdom, inspiration and diligence required for the successful completion of this study. Secondly, my gratitude is extended to my beloved Parents and siblings I have no words to express my gratitude for their unreserved support. Next, I am very grateful to my advisor, Aberaraw Chane (PhD) for his intelligent guidance, encouragement and helpful advices during the whole process of research writing. Finally, I would like to thank my friends who made a tremendous contribution in making this project successful.

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LIST OF ABBREVIATIONS

ATM : Automated Teller's Machine

CBE: Commercial Bank of Ethiopia

SPSS: Statistical Package for the Social Sciences

WAAD: West Addis Ababa District

SD: Standard Deviation

CATS: Customer Accounts and Transaction service

ABSTRACT

The purpose of this study is to assess the ATM service and to identify the gap in order to maximize the usage of the service and satisfy the customer and also to attract new customers. Now a days, Banks are applied to develop alternative service channels due to technological changes, to fulfill the customer desire, to gain competitive advantage and improve their financial service through innovation products, maximize the profitability, enhance the market share, and achieve the customer loyalty. The significant of the study is to assess and analyzes the ATM service on customer satisfaction and finds a solution for the identified problems. Findings from this study will assist management of the banks to know the problems associated with ATM service and to facilitate the customer with quality service. In the competitive world, ATM service is used as a strategic tool by the banking sector to attract & retain customers. The research design of this study is descriptive method that used to investigate research objectives and questions. The study uses quantitative and qualitative research approach. Both primary and secondary source of data used. The researcher applies purposive sampling technique to collect the data. The study uses Descriptive statistics to interpret data. Total of 400 questionnaires were distributed to ATM services users of the 13 grade 3 and 12 grade 4 branches in WAAD. The major finding of the study is customers are getting benefit from ATM, they have face challenge and they are satisfied with the level of ATM service. From the data collected & result of the analysis, the study concluded that Benefit of ATM service attribute shows the highest positive customer perception. But, challenge of ATM service attribute reveals the least customer perception result. Therefore, the bank should realize a competent advantage by emphasizing benefits on ATM service and the bank should improve the challenges that face by customers.

Keywords: *Customer satisfaction, ATM service*

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Service concept exists in every stage or movement of life and different aspects of service inter related with human nature and society. The concept of service currently used and existed in history of humans. Service concept considers this point of view that the knowledge of service relates with quality, nature and other similar characteristics with technical dimensions in systematic way (Eroglu, 2000). When provided service does not fulfill the customer satisfaction.

Customer satisfaction according to the expectations and perception then perceived customer satisfaction high (kilinc, 2001). Banks always require increasing and growing customers. The deposit service has changed all over the world due to the change in economic system like deregulation, globalization, technology and information and government policies. Those changes create a competition in banking sector (Hinson, 2006). In the age of modern technology, the banking sector considers life blood of global business. Innovation in technology increase the efficiency of banking operations and system to increase the competitive market share as compare their rivals. Every bank wants to attract and attain more and more customers (Moutinho, 1997).

Now days Banks have become more oriented towards the customer satisfaction. Customer satisfaction means that how will the products satisfy the customer and fulfill their expectations. It can be defined that performance of the organizations products according to the customer willing. "Customers" satisfaction is an important factor for capturing the market and also for retaining the existing customers "Therefore, Banks concentrate in opening of ATM Centers in various places for the easy access of account day and night, weekends or holidays from any ATM center of their bank and thereby enhance the customer satisfaction. The customers are happy with this service because of privacy in the transaction and again there is no need to wait in a queue for any single transaction. ATMs can be placed at any convenient location in the city. An ATM provides an error free transaction to the customer and flexibility in withdrawals.

In 1889 Kelley demonstrated that the role of technology in service organization reduce the cost of operations and remove the uncertainty. Financial institutions provide ATM (automated teller

machine) to the customer which is the need of general public and easy access to general public without any human resources like cashier, Clerk and manager. In 1960 Johan shepherd Barron which was the managing director De La Rue instruments introduce the first automated teller machine. ATM performed such functions like cash with drawl, cash transfer, cash inquiry and payment of utility bills (khan, 2010).Competitiveness of banks to provide high quality service. Competitiveness archived, when analyzing the problem speedily, quickly response and quality service to make sure the service fulfills the customer satisfaction. Customer loyalty helpful to gain high market shares compare to their competitors.

1.1.1 Background of commercial Bank of Ethiopia

Commercial Bank of Ethiopia is the leading bank in Ethiopia which was legally established as Share Company in 1963 and it is also the leading African bank with assets of 384.6 billion Birr as on June 30th 2016. CBE is the first bank in Ethiopia to introduce modern banking system to the country and introduce electronic payments (ATM service for local users) in the country when it launched proprietary ATM system in 2002. Over all CBE Plays a catalytic role in the economic progress & development of the country with the wing of government. Currently CBE has more than 13.3 million account holders. Now a day's the number of machines are growing quickly, with banks eager to ease access for their customers. On the other hand, the numbers of Mobile and Internet Banking users are reached more than 600,000 as of March 31, 2016.Active ATM card holders reached more than 1.1 million.

It has strong correspondent relationship with more than 50 renowned foreign banks like Commerz Bank A.G., Royal Bank of Canada, City Bank, HSBC Bank etc. CBE has a SWIFT bilateral arrangement with more than 700 others banks across the world and Pioneer to introduce Western Union Money Transfer Services in Ethiopia early 1990s and currently working with other 22 money transfer agents like Money Gram, Atlantic International (Bole), Xpress Money etc. Beside to this, CBE combines a wide capital base with more than 28,000 talented and committed employees and has opened four branches in South Sudan since June 2009. (Revised CATS Procedure report of 2016).

Commercial Bank of Ethiopia, introduced ATM service for local users in 2001 with its fleet of eight ATMs located in Addis Ababa. Moreover, CBE has had Visa membership since November

14, 2005. However, due to lack of appropriate infrastructure it failed to reap the fruit of its membership. Despite, being the pioneer in introducing ATM based payment system and acquired Visa membership.

The first ever electronic banking gateway was signed between Ethiopian Commodity Exchange (ECX) and CBE. The electronic banking system being developed with CBE is designed to give a secure electronic data sharing gateway between clients, banks and ECX, facilitating a smooth transaction (Abiy Demilew, 2008).

1.2 Statement of the Problem

Banks are in the process of moving into a more competitive financial atmosphere, with a wide variety of financial products/services. Commercial bank of Ethiopia (CBE) is the largest bank & its customers made it so, without them the bank will end to exist. It is important to understand the customer need & test their preference to satisfy them. There are more than 13 million account holders in CBE out of this 1.4 million are found in West Addis Ababa District (; from those only 4.1 million customers are using ATM service in CBE and 294,074 in West Addis Ababa District). In addition to this, from the total number of 4.1 million customers only 3 million customers are active users and 1.1million (27%) are inactive users. (CBE, ATM Banking Status Report, DEC 31, 2017).

The customer is the judge of quality. Understanding customer needs, keeping pace with changing marketing, measuring their satisfaction & building relationship is important to the firm because satisfaction and dissatisfaction information's lead to the right improvement, product design, workforce training activity that can create satisfied customers who reward the company with loyalty. In other word, the company must show constant sensitivity to emerging customer and market requirements. For this, no bank can offer all products and be the best/leading bank for all customers. Hence, they are forced to develop a differentiated strategy in order to find a new basis for competition. Therefore, customer satisfaction is an important factor for capturing the market and also for retaining the existing ones. With this as the backdrop, the study analyzed the level of customer satisfaction, benefit and challenges of ATM.

1.3 Research Questions

This research tries to answer the following questions:

1. What benefits do customers get while using ATM service of the Bank?
2. What challenges do customers face while using ATM service of the bank?
3. Whether customers are satisfied with the level of ATM service in Commercial Bank of Ethiopia?

1.4 Objectives of the Study

1.4.1 General Objective of the Study

The main objective of this study is to assess customer satisfaction of ATM service in Commercial Bank of Ethiopia.

1.4.2 Specific Objectives of the Study

1. To identify benefits of ATM services faced by customers.
2. To identify challenges of ATM service faced by customers.
3. To examine level of customers' satisfaction with ATM service in Commercial Bank of Ethiopia.

1.5 Significance of the Study

The study assessed and analyzes the ATM service on customer satisfaction and finds a solution for the identified problems. Findings from this study will assist management of the banks to know the problems associated with ATM service and to facilitate the customer with quality service because the efficiency of banks relies on customer satisfaction, Banks will formulate strategy and policy in terms of future investment and also customers will benefit in terms of improved service and reduced time spent at the banks hence, resulting in customer satisfaction and customer confidence in the banking sector.

1.6 Definition of key terms

ATM- an electronic telecommunications device that enables customers of financial institutions to perform financial transactions, such as cash withdrawals, deposits, transfer funds, or obtaining account information, at any time and without the need for direct interaction with bank staff.

Customer-The people who are using Automated Teller Machine (ATM) service in CBE.

Customer satisfaction-It is a measure of how products and services supplied by a company meet or surpass customer expectation. Customer satisfaction is defined as "the number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals.

Customer Perception-Zeithmal and Bitner (1996:103) describe customer perceptions as the subjective assessments of actual service received or experienced and whether they are satisfied with the quality of the service. When customers evaluate whether the quality of service meets their expectations, they always consider their service perceptions relative to expectations.

1.7 Scope of the Study

The research conducts on Automated Teller Machine and user satisfaction with particular reference to Commercial Bank of Ethiopia. Conducting the study to all customers in Commercial Bank of Ethiopia is difficult because, the population is vast and hard to manage them. So, the research geographically focuses on West Addis Ababa District grade three and four branches due to time and cost constraint.

1.8 Limitation of the study

Regarding to limitation the study confined only to West Addis Ababa District grade three and four branches. Its validity to represent the whole customers of Commercial Bank of Ethiopia is limited.

1.9 Organization of the Paper

The study consists of five chapters; Chapter One presents background of the study, statement of the problem, research question, and objective of the study, significance of the study, scope and limitation of the study. In Chapter Two review of related literatures regarding to customer satisfaction and Automated Teller Machine banking service will be presented. Chapter Three describes the research methodology that is the heart of the research which explains and justifies the approach that adopted in order to answer the research questions. Chapter four describes the data analysis that deals with data analysis and their interpretation of the research. Finally, based on the analysis and interpretation of the findings, chapter five presents the conclusion and recommendation.

CHAPTER TWO: LITERATURE REVIEW

2.1 The Concept and History of ATM

An automated teller machine (ATM), also known as a Cash Machine it is a computerized telecommunications device that provides the clients of a financial institution with access to financial transactions in a public space without the need for a cashier, human clerk or bank teller. On most modern ATMs, the customer is identified by inserting a plastic ATM card with a magnetic stripe or a plastic smart card with a chip that contains a unique card number and some security information such as an expiration date. Authentication is provided by the customer entering a personal identification number (Cronin, 1997). Most ATMs are connected to interbank networks, enabling people to withdraw and deposit money from machines not belonging to the bank where they have their account or in the country where their accounts are held thus enabling cash withdrawals in local currency and they are often identified by signs above them indicating the name of the bank owning them.

ATM services or Automated Teller Machine is known as primary banking services that have been affecting modern banking activities today. Hailey (1975) defines ATM as machine of which it will reduce the operating cost for banks in the context of the customers can carry some basic banking demands by themselves or without going to transaction office of the banks. Another definition from ATM services is found from the study of Guile and Quinn (1988) whether an ATM services is known as electronic telecommunication between the banks and their customers to perform financial transactions.

In another aspect, an ATM service is belonged to customer services activities so that it will consist of all characteristics of customer services (Hillier, 2002). Lovelock (1996) defines customer services as combination of activities performed by a firm in order to deliver utilities to their customers. On the other hand, Ostrom and Iacobucci (1995) said the customer service is strongly related to the customer satisfaction and dissatisfaction as relative judgment that takes into consideration both the qualities and the benefits obtained through a purchase as well as the costs and efforts borne by a customer to obtain that purchase” (Ostrom and Iacobucci, 1995, p.17). During the time, there are a lot of scholars mentioned to how to measure and evaluate the customer service and customer satisfaction. Parasuraman, et al. 6 (1994) refer to satisfaction as a

function of a buyer's overall assessment of service quality, product quality, and price. However, Power (1988) suggests that customer services should be measured through the product delivery, a sales presentation that address the customers' problem, support after sales. Other scholars such as Dion et al. (1992) define customer service in terms of the changes in customers' expectations in a supply chain of a company through a just-in-time (JIT) purchasing environment. It is clear to say the customer service is one of the most important of every organization today. However, there are not so many organization can provide the best quality of services to their customer.

2.2 The History of ATM service in Ethiopia

CBE is the pioneer in introducing ATM service for local users in 2001 with its fleet of eight ATMs located in Addis Ababa. An automated teller machine or ATM is a computerized telecommunications device that provides a financial institution's customers a method of financial transactions in a public space without the need for a human clerk or bank teller. Reliable is a visa branded debit card issued by CBE to facilitate the exchange of funds without paper or hard copy. It is either domestic or international. The domestic card is valid only in Ethiopia while the international card is used to make international transactions. Security is provided by the customer entering a personal identification number (PIN). Using an ATM, customers can access their bank accounts in order to make cash withdrawals (credit card cash advances) and check their account balances.

2.3 ATM Technology Evolutions

Most inventions have happened due to sheer necessity and ATM is one of them. The history of ATM is full of interesting facts of which some are known and others unknown.

According to the website www.engineersgarage.com/invention-stories/atm-history, it is believed that the history of ATM started when an Armenian named Luther George Simjian was forced to move to USA in the year 1920, under the account of Armenian Genocide. He owned to his credit the invention of a portrait camera and then he later rolled out the formulated idea of ATM. Confident of his invention, he persuaded Citibank to run his product on a six month trial basis. Soon enough, he was disappointed with the performance and the lack of users and concluded that ATM was a wasteful addition to personal banking.

The lack of demand for the ATM finally forced him to take a back seat. During this period it was very clear that the time was not right for this concept to have been accepted generously. Simjian clearly lost out on the success and fame and the same was passed on to two other gentlemen, John Shepherd-Barron and Don Wetzel. John Shepherd-Barron was a Scottish national born in India. Later he relocated to Britain and pursued his education from the University of Edinburgh, and at Trinity College, Cambridge. After returning empty handed from a bank, Shepherd-Barron was disappointed to have had no option than to wait till the bank opened the next working day. And thus in a similar fashion like Archimedes, Shepherd-Barron claims to have hit his interesting moment while taking a bath. Self-sufficient cash dispensing machine was what he was thinking about. And soon the ATM was invented in the early 1960s. The invention of a self-sufficient cash dispensing machine was his second and successful attempt at inventions. Prior to this invention he had invented an instrument to scare away seals (fish eating mammals) at his Scottish Salmon farms. Unfortunately, this device instead of deterring the seals attracted them, and was thus a failure. The same website also shows that the ATM machine gained Shepherd-Barron an ever-lasting recognition in the banking world and paved the way for hi-tech banking techniques, online bank accounts, Personal Identification Number (PIN) and chip security technology. The four-digit internationally accepted standard PIN was also invented by him. Earlier, he had a six-digit Army serial number in his mind but later his wife suggested for a shorter PIN as it would be easy to remember. Finally in 1967, the first ATM that dispensed paper currency round the clock (24 hour basis) was unveiled. The ATM was installed outside a Barclay's bank in North London. The ATM machine accepted and generated money through cheques impregnated with certain chemicals.

The development of ATM has gone through many stages; it started from its baby stage in the late 1930s and then geared up for longer runs in the 1960s, and finally a matured and stable stage that we see today. Undoubtedly, most of the ideas and patents contributed for makeover of the ATM from time to time form the backbone of what was initiated as "holes in the wall".

Today, ATMs hold a strong foothold in the world, offering everyone a better access to their money, be it in any corner of the world. There are about 1.8 million ATMs in use around the world with ATMs on cruise and navy ships, airports, newsagents and petrol stations. ATMs too have been categorized as on and off premise ATMs. On Premise ATMs are capable to connect

the users to the bank with multi-function capabilities. Off premise, ATM machines on the other hand are the "white label ATMs" and are limited to cash dispense.

The developments have not stopped; the contactless technology is on its rise. The same website concludes that Shepherd-Barron continued to take inimitable and lively interest in technology well even in his old age and had foreseen a future where plastic cards too would be numbered. For his excellent and unforgettable contributions to financial technologies, Shepherd-Barron was offered the OBE award in the year 2005. In the year 2010, he took his last breath and left behind his legacy of technological advancements.

2.4 Benefits of Using ATMs

Tague (2010) observed that a plastic Automatic Teller Machine card linked to your bank account makes financial transactions a breeze by eliminating the waste of writing cheques or the dangers of carrying large sums of cash. The debit cards benefit both the card holders and the banks. Some of the benefits of ATM technology are bank decongestion, reduced cost of transactions for both customers and banks. This has drastically reduced banking time. The ability of ATM card holder to make withdrawal at any point in time and anywhere close to him or her is one of the greatest benefits of ATM technology. This has reduced the agony of one running out of cash.

Another nice opportunity provided by ATM to users is the flexibility to move around with minimal cash and thereby reduce incidence of theft. ATM technology when properly used will make the building of cashless society possible. ATM card has assisted travelers in obtaining cheaper exchange rate. Foreign ATM machines offer users access to the wholesale exchange rate, which is often less expensive than paying service fees when exchanging cash or travelers cheques in foreign bank or currency exchange office (Odachi, GebrielNwabounu, 211).

2.4.1 Benefits of ATMs to Banks

As Dawd (2004) discussed some benefits of ATMs are mentioned below:

- ATMs reduce queues in banking halls
- ATMs save banks costs of hiring tellers by automating many "teller" transactions
- ATMs create extended service hours provided by banks beyond traditional 9-5 banking hours

- ATMs have become the customer's most popular and most used interaction with the bank and an important Customer Relations Management (CRM) and customer retention tool.
- Each off-premise & branded ATM becomes an advertising and marketing tool by putting the bank's signage in front of thousands of additional potential banking customers in traditionally *non-bank* locations
- Branded off-premise ATMs extend the bank's visibility to current customers, providing visible reassurance of their bank's reach beyond the branch
- ATMs enable banks to re-design branches into more sophisticated customer services and sales outlets
- ATMs have enabled some banks and non-bank financial institutions to develop successful "branchless" business models
- ATMs reject unfit banknotes, helping maintain banknote standards

2.4.2 Benefit to Card Holders

- According to Olga (2003): ATMs allow citizens to draw cash outside of banking hours, enabling retail cash purchases around the clock.
- ATMs save cardholders transport costs and time by bringing self-service banking into convenient, non-branch locations near to where they live, work and shop in a variety of locations such as shopping malls, supermarkets, convenience stores, railway stations, hotels, airports, petrol/gas stations, post offices, university campuses, restaurants and bars, etc., creating time-saving convenience for modern citizens
- ATMs provide cardholders travelling outside their country with a reassuringly familiar, uniform and comprehensible interface for obtaining cash
- ATMs allow for easy payment of utility bills and other functions like topping up air-time on cell/mobile phones
- ATMs can help cardholders monitor their bank accounts outside of bank hours through balance enquiries
- ATM debit cards use debit rather than credit teaching financial self-discipline as opposed to credit card payments which can, and do, get citizens into debt.

2.5 E-SERVQUAL

Zeithaml et al. (2001, 2002) developed the e-SERVQUAL measure of e-service quality to study how customers judge e-service quality. This new model was drawn up through a three-stage process involving exploratory focus groups and two phases of empirical data collection and analysis. It contains seven dimensions: efficiency, reliability, fulfillment, privacy, responsiveness, compensation and contact. The first four dimensions are classified as the core service scale, and the latter three dimensions are regarded as a recovery scale, since they are only salient when online customers have questions or problems. Contents of each dimension are shown below:

2.5.1 Core service scale in e-SERVQUAL

- (a) Efficiency: the capability of customers to access the website, finding their appropriate product and information related to preserving minimum effort.
- (b) Fulfillment: accuracy of service requirements, availability of the product in storage, and delivering the products on time.
- (c) Reliability: the technical function of the site, particularly the extent to which it is available and properly functioning.
- (d) Privacy: assurance that shopping behavior data are not open and that credit card information is secured.

2.5.2 Recovery service scale in e-SERVQUAL

- (a) Responsiveness: compares the capability of retailers to give appropriate data to customers when a problem happens, having mechanisms for handling returns, and giving online guarantees.
- (b) Compensation: consists receiving money back and returning shipping and handling expenditures.
- (c) Contact. The requirement of customers to speak to a living customer service agent online or on the phone

➤ Efficiency

Efficiency is the measurement that indicates the ability of users to access the website and find needed information about a product or service within a minimal effort. Parasuraman et al., (2005) defined the efficiency as the ease of use and speed accessing and using the website, in other words, this refers to ease of website access, simplicity of using the web to find information effortlessly, and fast checkout. On the other words, efficiency is the accessibility to the speed of access, information downloading and the availability of the website. They also found out that efficiency has strong impact to customer satisfaction of users. A study by Li et al. (2009) found out that ease of use is ranked the most important factor of e-service quality. Zeithaml et al.(2000) referred to this dimension as navigability and stated that for a good site to be perceived positively by customers, it should provide functions that help customers to find what they need easily and quickly, as well as providing a user-friendly environment.

➤ Reliability

Reliability refers to the correctness of product information provided on the website. Ho & Lee (2007) explained that reliability is the site's content to be represented as the promised services. Especially for online website, users can only acquire information about products or service from the websites, therefore, the information provided is important for customers. Wolfinbarger&Gilly (2003) gave another point of reliability that it refers to customer perception of the site's reliability such as a confirmation email, and order tracking. While Zeithaml et al. (2002) defined that it is associated with the technical functioning of the websites in order to have proper function.

➤ Responsiveness

The quality of support customers receive when we face with questions or running into problems, and the speed with which this support is provided, largely determine customer evaluations of post transaction services. Customer support is appreciated during the pre-transaction stage, particularly for online services: the online customer is relatively powerless in enforcing help, having to rely on the willingness of the firm to provide support. The faster a provider responds to requests, the better the service will be evaluated (Van Riel et al, 2004). Responsiveness relates to flexibility, prompt delivery, consistency and accuracy of service delivered. (Madu and Madu,

2002; Swaid and Wigand, 2009; Surjadjaja et al., 2003; Tan et al., 2003; Yoo and Donthu, 2001; Yang, 2003).

Responsiveness is an important factor to consumers when shopping online via the websites. Zeithaml et al. (2002) explained that the criterion relates to response from the online stores, especially when customers have questions or problems. Other examples are prompt service, helpful advice and guidance, and accurate information about the products and services. Zeithaml et al. (2002) also described that responsiveness is used to measure the ability of firm to provide appropriate information to customers when a problem occurs, and whether the firms have procedures to handle problems, and provide guarantees. Also, Zeithaml et al. (2002) explained that online responsiveness index can be illustrated from the number of channels for communication, frequently asked questions, asking question process and feedback to users' inquiry. Ho & Lee (2007) explained that promptly responds to users' inquiries is the most important part for online services.

➤ **Fulfillment**

Fulfillment refers to the accuracy of the service, the ability of firms to deliver products and services in the promised time. Parasuraman et al., (2005) explained that the dimension is the extent of what the website promises to deliver products or services and to fulfill customers' needs. Ho & Lee (2007) explained that the dimension refers to the success of online stores to deliver product and services to customers as well as the willingness to accept and correct the mistakes happening in the transactions. Their research also found out that customers emphasized on this quality the most. A study by Wolfinbarger&Gilly (2003) especially laid emphasis on the non-error ordering process and on-time delivery.

➤ **Security/privacy**

Privacy/security refers to the protection of personal and financial information (Yoo&Donthu, 2001) and the degree that a site is considered by consumers as being safe from intrusion (Parasuraman et al., 2005). Security has been identified as a vital factor to determine e-service quality for consumers of online banking services. Security is the most important factor on intention store visit a site and makes purchases (Yoo&Donthu,

2001). Security addresses the technical specifications of a website's security and payment methods; this dimension also incorporates company reputation, confidence and general confidentiality among consumers and those operating from within the company, engaging in the communication process.

Privacy refers to the dimension to which the website is safe in term of customer information. Parasuraman et al. (2005) gave a definition to this dimension as the degree that the website provides safe and protection of customers and their personal information, since the issue has been a critically important for online stores' customers. Zeithaml et al. (2002) explained that privacy involves securing users' personal information by not sharing information about consumers with others, and providing informed consent. In other terms, it is a customer's perception towards the confidence and trust of the website. A study by Lee & Lin (2005) found that online customers concern about the privacy policy the most when they use the websites, especially relating to the guarantee of personal information protection.

2.6 Customer Satisfaction

Customer satisfaction has been defined by many authors. Oliver (1980) defined customer satisfaction as the product of the accumulated experience of a customer's purchase and consumption. Porter and Miller, (1985) defined customer satisfaction as a post consumption evaluation that meets or exceeds expectations. Customer satisfaction, in a Competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy. Customer satisfaction ratings can have powerful effects in organizations. They focus employees on the importance of fulfilling customers' expectations. Furthermore, when these ratings dip, they warn of problems that can affect sales and profitability. These metrics quantify an important dynamic. When a brand has loyal customers, it gains positive word-of-mouth marketing, which is both free and highly effective.

Therefore, it is essential for businesses to effectively manage customer satisfaction. To be able to do this, firms need reliable and representative measures of satisfaction. The same website shows that in researching satisfaction, firms generally ask customers whether their product or service has met or exceeded expectations. Thus, expectations are a key factor

behind satisfaction. When customers have high expectations and the reality falls short, they will be disappointed and will likely rate their experience as less than satisfying.

For an organization to be profitable and over take its competitors and have enhanced customer loyalty, it must focus on improving its customer satisfaction. In order to achieve this, customer feedback must be taken very seriously. Customer satisfaction can be received by feedback using suggestion boxes, toll free telephone lines, electronic mails, observations etc. Organizations can surprise customers by calling to congratulate them on their birthdays, wedding days etc. Organizations can take advantage of the satisfaction of their products by their consumers to increase the price of their products. The level of satisfaction can vary depending on other options the customer may have and other products against which the customer can compare the organization's product.

Customer satisfaction is core concept in many businesses today, especially to services business whether higher customer satisfaction will impact directly to the success of delivering services and benefits of firms in the long run. It is showing through the fact that many firms today have been investing intensively into their operational activities and supportive functions in order to increase their customer satisfaction (Kotler and Keller, 2009). In series of initiatives to improve customer satisfaction, the need for finding definition for customer satisfaction is known as essential one.

During the time, there are many definitions that have been taken place for customer satisfaction by different researchers and marketers. For example, Schiffman and Karun (2004) define customer satisfaction as perception of individuals into products and services offered by a firm in comparison with his or her expectations. Agbor (2011), however, provide a definition for customer satisfaction as feeling of pleasure during the process of utilizing products or services of a firm. Other researchers support those definitions previously as they also thought that customer satisfaction is constructed from cumulate process of process that the customer experiences particular products or services (Giese and Cote, 2000; Fornell, 1992; Tse and Wilton, 1988). However, some others find different definition for customer satisfaction as personal responses as they are formulated during post-purchase or post-consumption of people at a certain time. It means that customer satisfaction may be different during the time; the customer may not be

satisfied with products or services of firm's right after they purchase them but then, they may be satisfied if utilizing those products or services can make them to be happy.

In summary, customer satisfaction can be stated in different definitions and so it is impossible to find wide acceptance for this term's definition. However, customer satisfaction is described as customers' happiness or angry on particular products or services during the time when they experience with these products or services in a nutshell. It is also worth to highlight that customers' happiness is recognized as a sign of customer satisfaction and it is always positioned as an essential thing to almost firms in the global world today.

2.6.1 Level of Satisfaction

Clients react to a combination of their expectations: the importance of the service to them, and the actual service experience, resulting in an internalized response or Perception. Satisfaction levels are a result of this perception and an internalized Assessment process. Perception is an initial response and satisfaction is a judgment of that response in relation to one's needs.

2.6.2 Why is Customer Satisfaction Important to Businesses?

Customer satisfaction helps companies in many ways, some of which include: Customer satisfaction information helps companies to evaluate their ability in meeting customers' needs and expectations effectively (Zeithaml, 2006).

It also helps companies to analyse the performance of an offering to customers in order to identify areas for improvements as well as what areas customers consider to be very important to them (Zeithaml, 2001).

Companies can predict customer retention and loyalty as well as organizational profitability through satisfaction surveys. Research has suggested that customer satisfaction leads to company profitability. Studies have shown a positive correlation between customer satisfaction and customer retention and loyalty (Zeithaml, 1996 ;).

Customers who are satisfied with a company's offering may tell others about it - positive word-of-mouth, just as dissatisfied customers also bad mouth the company to others. Suggested that dissatisfied customers tell on average ten people about the company as against people by satisfied customers also asserted that it costs five times to attract a new customer than to maintain a current customer. Therefore it is imperative for service businesses to satisfy customers on a consistent basis (Goodman, 2009).

2.6.3 Determinants of Customer Satisfaction

Several studies have identified the factors that influence customer satisfaction over the years. These factors are mostly similar in what aspect of customer satisfaction they are measuring; some of them include customer's expectation, perceived service quality, product quality, perceived value, price, among others. Some of these studies will be looked at in detail, examining their merits and demerits (Zeithaml, 2009)

2.6.4 Determinants of Customer Satisfaction using Customer Satisfaction indexes

Fornell, (1996) developed the American Customer Satisfaction Index (ACSI) based on the Swedish Customer Barometer. The ACSI is an economic indicator based on modeling of customer evaluations of the quality of goods and services produced and purchased in the United States. Its main purpose according to (Anderson, 1994) is to gain an insight into the interaction between the customers and businesses, to enable better planning and decision making. The ACSI is a cause-and-effect model showing drivers of satisfaction on the left side (customer expectations, perceived quality, and perceived value), satisfaction in the center, and outcomes of satisfaction on the right side (customer complaints and customer loyalty, including customer retention and price tolerance). Each of these factors is explained below in accordance with (Fornell, 1996).

Customer Expectations are customers' anticipation of the level of quality they are to receive from a company. They emphasize that the "...market's expectations represent both the served market's prior consumption experience with the firm's offering - including non-experiential information available through sources such as advertising and word-of-mouth - and a forecast of the supplier's ability to deliver quality in the future". Perceived they postulated that customer expectations have a direct and positive influence on overall customer satisfaction with an organization because of the on-going relationship with customer. It also influences both perceived quality and perceived value as Quality is a customers' measure of the recent service interaction with the company. They stated that quality could be measured in terms of how the product meets customer's individual needs and error-free service delivery - reliability. This is also said to have a direct and positive impact on overall satisfaction. Perceived Value is a measure of quality relative to price paid - value for money (Anderson, 1994).

They asserted that price has more impact on satisfaction in a customer's first purchase experience but a lesser impact on satisfaction for repeat purchases. Customer Complaints are customers who have talked to the service provider about a service that they were not happy within a specific time. They stated that satisfaction is negatively correlated to customer complaints - the more satisfied the customers, the less likely they are to complain. Customer Loyalty is customers' likelihood to purchase their next service with the same organization at a given price (price tolerance). Customer loyalty is the critical component of the model because it equals profitability (Reichheld and Sasser, 1990).

The European Consumer Satisfaction Index (ECSI) is also an adapted version of the Swedish Customer Satisfaction Barometer and very similar to the ACSI. Unlike the ACSI with six variables, the ECSI has seven variables with "corporate image" being the seventh and optional variable (ECSI Technical Committee, 1998). It refers to the brand name and what kind of associations the customers get from the product/company. Eklof (2000) suggested that perceived quality can be distinguished into perceived product quality and perceived service quality; where perceived service quality is the assessment of recent consumption experience of associated services like customer service, range of services and products, conditions of product display while perceived products quality relates to the attributes of the core product.

2.7 Challenges of using ATM service in Ethiopia

➤ Security

One of the biggest challenges and the basic requirements of ATM is ensuring its security. Securing the process in ATM involves authenticating data of the customer and banker and protecting the information to be transmitted from interception. This authentication can be done using user ID and passwords.

➤ Infrastructure

The other challenge for ATM is proper infrastructure. For the effective deployment of ATM, it is necessary to have a reliable and cost effective infrastructure that can be accessible to the majority of the population. According to Kumaga (2010), low level of internet penetration and poorly

developed telecommunication infrastructure impede smooth development and improvements in e-commerce in developing countries.

➤ Regulatory and Legal Issues

A legal and regulatory framework that builds trust and confidence supporting technical efforts to meet the same is another important issue that needs to be addressed. In this regard legislative support is essential for protecting the interests of customers and banks in various areas relating to payment systems.

➤ Socio-Cultural Challenges

Consumer's confidence and trust in the traditional payment system has made customers less likely to adopt new technologies. New technologies will not dominate the market until customers are confident that their privacy will be protected and adequate assurance of security is guaranteed. New technology also requires the test of time in order to earn the confidence of the people, even if it is easier to use and cheaper than older methods.

➤ Other Challenges

There are some other challenges which can be considered as hindrances in the implementation of ATM services. One of these issues is the standardization of software which is necessary to offer ATM services. Proven high quality software is a must for high-tech banking services. For sophisticated types of services, the standardization of operating systems, systems software and application software throughout the banking industry is a necessary condition, which may have to be pursued (Muvva and Sisay, 2011).

CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

The main objective of the study is to assess customer satisfaction of ATM service in the Commercial Bank of Ethiopia. To this effect, this chapter involves the research design, the method of sampling, type of data source, tools of data gathering and analyzing of data are presented below.

3.2 Research Design

According to Kothari, C. (2004), a research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. In fact, research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement, and analysis of data.

The researcher applies a descriptive research design. Descriptive type of research is helpful when a researcher wants to look into a phenomenon or a process in its natural contexts in order to get its overall picture instead of taking one or some of its aspects and manipulating it in a simulated or an artificial setting. This method also used for the reason that it describes the existing facts and practice of different organizations, as well as, it is economically efficient. (Abiy, *et al.*,2009)..

3.3 Research approach

This study applies a quantitative and qualitative approach as a systematic & structured, aimed at obtaining information from respondents in direct, open manner. Results obtained from such an approach are easily quantifiable and has a potentially high degree of accuracy.

3.4 Sampling Design

3.4.1 Population of the Study

Target population is defined as the entire group a researcher is interested in. According to Zikmund (2003), the definition of population was identifiable total set of elements of interest being investigated by a researcher. Based on the CBE card banking report, December 30, 2017

there are a total of 4,102,695 card holders in CBE; out of them 294,074 card holders found in West Addis Ababa District. The respondents are the card holders of West Addis Ababa District grade three and four branch customers.

3.4.2 Sampling Techniques and Sample Size

Sampling involves any procedure that draws conclusions based on measurements of a portion of the population. In other words, a sample is a subset from a larger population (Zikmund,*et.al*, p67). Hence, taking into account the nature of the study and structure of the company, the researcher uses judgment (purposive) sampling technique it occurs when “elements selected for the sample are chosen by the judgment of the researcher. Researchers often believe that they can obtain a representative sample by using a sound judgment, which will result in saving time and money”. In order to get large number of respondents, minimize costs and to get customers who have well experience in using ATM services the researcher choice grade three and four branches. The researcher don’t choose grade one and two branches because of the following reasons; most of them are newly opened branches due to this most of their customers are new and they don’t have well experience in using ATM services and they have small amount of customers.

As already mentioned above out of 4,102,695 card holders, 294,074 are taken as the total population for this study. The sample size was determined using the following formula as it stated by Yamane (1967) cited in Israel (1992).

Sample size obtained as;

$$n = \frac{N}{1 + N(e)^2} = \frac{294,074}{1 + 294,074(0.05)^2} = 400 \text{ customers}$$

Where, n – designates the sample size the research uses.

N - Designates the total number of ATM service users in the target population.

e – Designates maximum variability or margin of error 5% (0.05).

1 – Designates the probability of the event occurring

Table 3.4.1 Number of Questionnaires distributed to CBE card holders.

No	Branch grade	Number of branch in each grade	Questionnaires distributed in each branch	Total number of Questionnaires distributed
1	Grade 3	13	16	208
2	Grade 4	12	16	192
	TOTAL	25		400

3.5 Source of Data

In order to achieve its objectives the researcher used both primary and secondary data. The primary data collected through questionnaire from ATM user believed to spend their time genuinely fill the questionnaire. The secondary data accessed from the company's work processes, policies, procedures, forms and other documents and from different literatures in the area.

3.6 Data Collection Techniques

Any research is only as good as the data that drives it, so choosing the right technique of data collection can make all the difference. Data collection techniques are:-Observation, Questionnaire, Interview and Focus Group Session. The data collection tools that employed in this study are questionnaires that are already tested before from primary sources of data and other related documents from secondary sources (Like CATS and E-payment procedure of CBE). The questionnaire used commonly to gather data for descriptive survey. The questionnaires are structured with close and open ended type. Accordingly, 5 point Likert scale items are prepared for respondents because it is helpful to choose one option from the given scaling that best align with their views.

3.7 Data Analysis and Interpretation

Data analysis consists of examining, categorizing, tabulating, or otherwise recombining the evidence, to address the initial proposition of a study (Yin, 1989; pp. 105). The data received from respondent's sets into the statistical package for social sciences (SPSS) version 20 analysis and interpretation presented through finding of the percentage, mean and standard deviation for each attributes to evaluate the customer perception. Descriptive statistics used to interpret data in general and investigate research objective and research questions.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

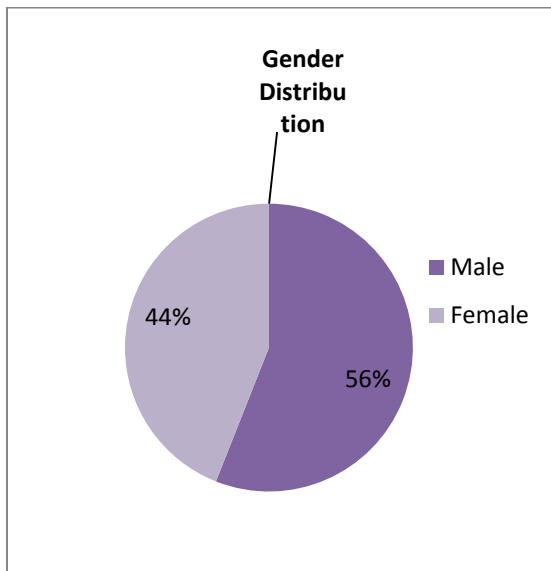
4.1 Introduction

This chapter will present data that has been collected through a quantitative and qualitative survey. A total of 400 questionnaires were administered and data were collected from ATM user customers in grade three and four branches of West Addis Ababa District. From the 400 questionnaires distributed only 324 (81%) have been collected and analyzed using the descriptive statistics.

4.2 Demographic characteristics of respondents

Demographic characteristics under the study include gender, age, educational level, and ATM service experience. Descriptive statistics (frequencies & percentages) were used to identify the study sample. The results are shown as follow:

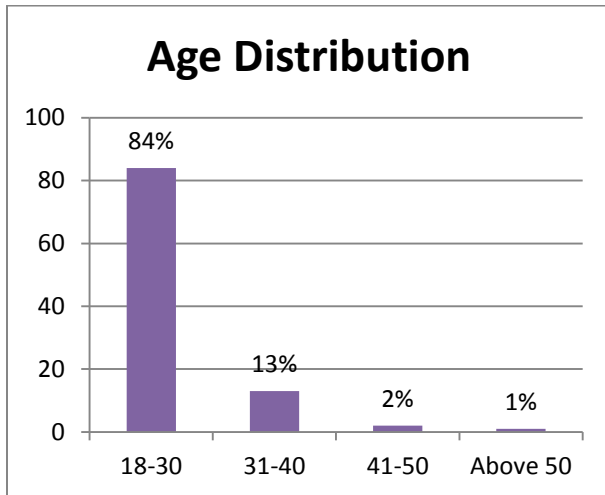
Figure 4.2.1 Gender Distribution of respondents



Source: own survey 2018

Regardless of respondents Table 4.2.1 above shows that (56%) are male while (44%) are female. This implies that more than half of the respondents are male. But, this doesn't show that the population of male ATM user is higher than the females.

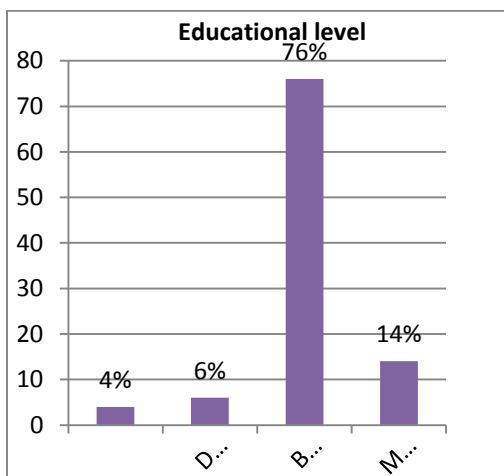
Figure 4.2.2 Age Distribution of respondents



Source: own survey 2018

Another demographic factor in this research was age of respondents. As it shows in Table 4.2.2 Large number of respondents 273(84%) were in the age range of 18-30 year, 43(13%) were in the age range of 31-40 year, 6(2%) were in the age range of 41-50 year, and 2(1%) 50 years old. This indicates that youth and adult account greater number of participation in this research.

Figure 4.2.3 Education level of respondents

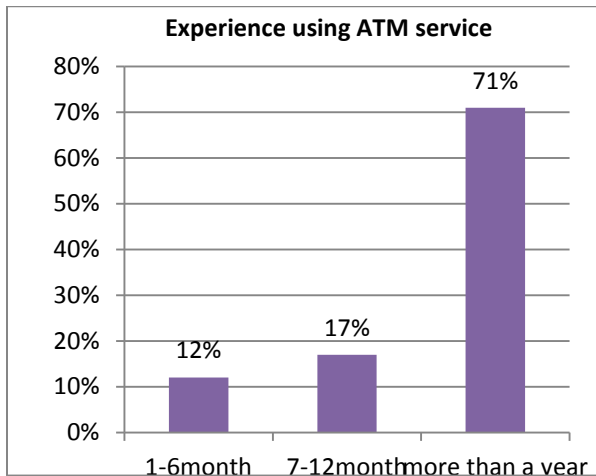


Source: own survey 2018

With regards to the educational status of the respondents, 12(4%) of the respondents were certificate holder and below level holders, 18(6%) were diploma holders, 248(76%) were BA/BSC holders, and

46(14%) were holders of MA/MSc and above. This shown that CBE's ATM users have good knowledge to evaluate the service and explain their feeling's regarding CBE's ATM service.

Figure 4.2.4 Experience of using ATM service



Source: own survey 2018

Concerning to the experience using ATM service of the respondents, 41(12%) are used ATM service for six months and below while 54(17%) of them used ATM service for 7-12 months, the rest 229(71%) of them used for 1 year and above. This indicates that most users are well experienced in using ATM service.

4.3 Quantitative Analysis of survey question

To analyze, the ATM service of CBE descriptive statistics was applied. The perceived service which was measured by using questions that measures customer's perception regarding Benefits, challenges and customers satisfaction with the level of service with a five –point Likert Scale and percentage and mean score were used to identify the levels of ATM service.

Table 4.3.1 customer perception to identify Benefits of ATM service

Items	Total no of respondents(n=324)			
	Frequency	Percentage	Mean	SD
I get much benefit from ATM service since, I start using the service.				
Strongly Disagree	10	3.1	4.05	1.041
Disagree	29	9.0		
Neutral	21	6.5		
Agree	140	43.2		
Strongly Agree	124	38.3		
Using ATM saves time.				
Strongly Disagree	15	4.6	4.22	1.009
Disagree	4	1.2		
Neutral	35	10.8		
Agree	112	34.6		
Strongly Agree	158	48.8		
The maximum daily withdrawal limits set for ATM are fair.				
Strongly Disagree	24	7.4	3.42	1.182
Disagree	54	16.7		
Neutral	68	21.0		
Agree	118	36.4		
Strongly Agree	60	18.5		
The speeds of processing transaction by ATM are much faster.				
Strongly Disagree	3	.9	3.79	1.001
Disagree	52	16.0		
Neutral	29	9.0		
Agree	166	51.2		
Strongly Agree	74	22.8		
The ATM service eases my life that it has enabled me to withdraw cash at evenings and holidays.				
Strongly Disagree	11	3.4	4.06	1.048
Disagree	19	5.9		
Neutral	46	14.2		
Agree	113	34.9		
Strongly Agree	135	41.7		
	Over all mean		3.91	

Source: own survey, 2018

As indicated in the above table 4.3.1 the first item is about getting much benefit from ATM service. With this regard 81% of respondents give a positive response, 7% of respondents' response neutral, and 12% of the respondents give a negative response and the mean value is 4.05 which is the highest perception result. This indicates that customers are getting much benefit from ATM service. So CBE has to continue promoting aggressively about the product and increase number of customers and volume of transaction number this helps to bring cash less society.

The second item which is asked about using ATM saves time to the customers that the majority of respondents 83% responses positive, 11% response neutral and the remaining 6% respondents responses negative and the mean score is 4.22. This indicates that customers are saving their time by using ATM than going to branches and waiting long queue.

The third item is about maximum daily withdrawal limits set for ATM is fair. While considering the risk banks set a limitation of amount to be withdrawn per day. Here 55% respondents have a positive response to it, 21% response neutral and the remaining 24% of respondents give negative response and the mean value is 3.42. This implied that the limitation of amount set by CBE is reasonable.

The fourth statement in service quality of ATM is about speeds of processing transaction by ATM are much faster. CBE has two types of ATM Diebold and NCR.NCR is much faster than Diebold. The survey data in this part showed that only 74% of the respondents give a positive response on the speed of processing transaction by ATM, 9% of respondent's response neutral and, the remaining 17% of respondents give a negative response and the mean value of this issue is 3.79. This indicates that CBE ATM is giving a very fast transaction.

The last statement in benefits of ATM service is that ATM service eases my life that it has enabled me to withdraw cash at evenings and holidays. Knowing that ATM gives service for 24/7 and it enables customers to withdraw cash and make fund transfer anytime and anywhere. With this regard 77% of respondents have positive response, 14% of respondents response neutral, the remaining 9% of them responds negative and the mean value of this issue is 4.06.This shows that most of customers are satisfied that is eases their life that they can get service at evenings as well as holidays.

In general, Benefits of ATM service attribute scores a mean value of 3.91 which is approaches to agreed scale which is above the median; when it is compared with other dimensions it is the highest perception rate given by customers

Table 4.3.2 customer perception to identify Challenges of ATM service

Items	Total no of respondents(n=324)			
	Frequency	Percentage	Mean	SD
Getting ATM everywhere exposed me to extravagant behavior.				
Strongly Disagree	40	12.3	3.08	1.214
Disagree	67	20.7		
Neutral	83	25.6		
Agree	95	29.3		
Strongly Agree	39	12.0		
Due to the charges while using ATM, I prefer to go to bank branches for service.				
Strongly Disagree	96	29.6	2.40	1.280
Disagree	104	32.1		
Neutral	54	16.7		
Agree	40	12.3		
Strongly Agree	30	9.3		
In case of errors the bank doesn't gives quick response.				
Strongly Disagree	26	8.0	2.90	1.127
Disagree	86	26.5		
Neutral	66	20.4		
Agree	120	37		
Strongly Agree	26	8		
There is a frequent interruption of ATM service.				
Strongly Disagree	10	3.1	3.48	1.045
Disagree	46	14.2		
Neutral	108	33.3		
Agree	100	30.9		
Strongly Agree	60	18.5		
Over all mean			2.96	

Source: own survey, 2018

As indicated in the above table 4.3.2 the first part of challenges of ATM service is that, Getting ATM everywhere exposed to extravagant behavior. 41% of respondents have a positive response 26% of respondents were neutral, and 33% of respondents have a negative response and the mean value of this item is 3.08. This implied that customers using ATM which gives an opportunity to withdraw money anytime; it expose them to extravagant behavior.

The other item under challenges of ATM service is that due to the charges while using ATM, I prefer to go to bank branches for service I get from. With this regards, 22% of the respondents have a positive response, 17% of respondents were neutral, and 61% of respondents have a negative response and the mean value of this statement is 2.4 which fall in disagreed scale that means customers doesn't have complain with the service charge the get and most of them prefer using ATM than going to the branches.

Third point under challenges of ATM service is that in case of errors the bank doesn't gives quick response. Due to network fluctuation and power interruption errors occur on the time of transaction. With this regards, 45% of the respondents have a positive response, 21% of respondents were neutral, and 34% of the respondents have a negative response and the mean value of the item is 2.90 which fall in disagreed scale. These implied whenever there is an error caused at ATM the customers are not getting quick response through the bank side.

The last point under those challenges of ATM service is that is a frequent interruption of ATM service. ATM may face an interruption due to network, power interruption and so on. In this case 49% of respondents give a positive response, 33% of respondents were neutral, and 18% of respondents have a negative response and the mean value of the item is 3.48 which fall in agreed scale that means customers face an interruption on the time of transaction.

As it can be observed in table 4.3.2, to identify the Challenges of ATM service was perceived by the customers with a mean value of 2.96 which is below the median; when it is compared with other attributes it is the lowest perception rate given by customers. Even if the mean value comes close to the lowest perception, there are two items which has large mean value as compared with the other item under Challenges of ATM service attribute, which is "Getting ATM everywhere exposed me to extravagant behavior and there is a frequent interruption of ATM service" with a mean value of 3.08 and 3.48 respectively.

Table 4.3.3 Customer perception with the level of satisfaction in ATM service

Items	Total no of respondents(n=324)			
	Frequency	Percentage	Mean	SD
The bank Visa/ATM card delivery system is fast.				
Strongly Disagree	6	1.9	3.61	1.043
Disagree	62	19.1		
Neutral	42	13		
Agree	157	48.5		
Strongly Agree	57	17.6		
I found quality notes of birr when I withdraw money through ATM.				
Strongly Disagree	23	7.1	3.6	1.19
Disagree	44	13.6		
Neutral	48	14.8		
Agree	132	40.7		
Strongly Agree	77	23.8		
The bank give the guideline on how to use ATM				
Strongly Disagree	17	5.2	3.5	1.08
Disagree	41	12.7		
Neutral	85	26.2		
Agree	125	38.6		
Strongly Agree	56	17.3		

ATM withdrawal error settled quickly in the bank.	Frequency	Percentage	Mean	SD
Strongly Disagree	33	10.2	2.99	1.122
Disagree	83	25.6		
Neutral	85	26.2		
Agree	100	30.9		
Strongly Agree	23	7.1		
There are times where the ATM machines run out cash.				
Strongly Disagree	19	5.9	3.38	1.107
Disagree	59	18.2		
Neutral	71	21.9		
Agree	131	40.4		
Strongly Agree	44	13.6		
The ATM's are placed in convenient and accessible locations in such way that my safety, security and privacy are maintained.				
Strongly Disagree	15	4.6	3.56	1.107
Disagree	51	15.7		
Neutral	57	17.6		
Agree	139	42.9		
Strongly Agree	62	19.1		
I get faster transaction from ATM whenever I go to the terminals.				
Strongly Disagree	9	2.8	3.69	1.031
Disagree	43	13.3		
Neutral	55	17		
Agree	150	46.3		
Strongly Agree	67	20.7		

The charge of getting service from the bank ATM terminal is fair.	Frequency	Percentage	Mean	SD
Strongly Disagree	11	3.4	3.87	0.979
Disagree	21	6.5		
Neutral	49	15.1		
Agree	160	49.4		
Strongly Agree	83	25.6		
The number of ATMs across distance is fair.				
Strongly Disagree	14	4.3	3.41	1.176
Disagree	83	25.6		
Neutral	42	13		
Agree	126	38.9		
Strongly Agree	59	18.2		
The ATM always works properly without any abnormality whenever I go.				
Strongly Disagree	52	16	2.6	1.175
Disagree	126	38.9		
Neutral	78	24.1		
Agree	36	11.1		
Strongly Agree	32	9.9		
The ATM has user friendly system environment to handle transaction and get services.				
Strongly Disagree	14	4.3	3.67	0.917
Disagree	15	4.6		
Neutral	78	24.1		
Agree	174	53.7		
Strongly Agree	43	13.3		

The service by ATMs satisfied my card banking service needs.	Frequency	Percentage	Mean	SD
Strongly Disagree	12	3.7	3.61	0.94
Disagree	26	8		
Neutral	81	25		
Agree	163	50.3		
Strongly Agree	42	13		
I recommend my families and relatives to use the ATM service.				
Strongly Disagree	9	2.8	4.02	0.987
Disagree	17	5.2		
Neutral	49	15.1		
Agree	132	40.7		
Strongly Agree	117	36.1		
Over all mean			3.5	

Source: own survey, 2018

As indicated in the above table 4.3.3 66% of respondents have a positive response on the VISA card delivery system is fast, 13% of respondents were neutral, and 21% of respondents have a negative response and the mean value of this item is 3.61. This implied that CBE VISA card delivery system is fast.

The other item is finding quality notes of birr from ATM. The bank should have to fill ATM with quality note to make customers satisfied. With this regards, 64% of the respondents have a positive response, 15% of respondents were neutral, and 21% of respondents have a negative response and the mean value of this statement is 3.6 which fall in agreed scale that means customers are receiving quality notes from ATM machines.

The third point under Customer perception with the level of satisfaction in ATM service is the bank gives a guideline how to use ATM. With this regards, 56% of the respondents have a positive response, 26% of

respondents were neutral, and 18% of the respondents have a negative response and the mean value of the item is 3.5 which fall in agreed scale. This implied the bank gives a guideline for customers about how to access ATM.

The fourth point in Customer perception with the level of satisfaction in ATM service is ATM withdrawal error settled quickly in the bank. In this case, 38% give a positive response, 26% of respondents were neutral, and 36% of respondents have a negative response and the mean value of the item is 2.99 which fall in lowest perception result.

The fifth item under Customer perception with the level of satisfaction in ATM service is that ATM's are placed in convenient and accessible locations in such way that my safety, security and privacy are maintained. With this regards, 62% of respondents have a positive response, 18% response neural, and the remaining 20% of respondents have negative responses and score 3.56 mean value. This indicates that CBE is working well on placing ATM's in accessible and convenient place and customers are satisfied on it.

The sixth item under Customer perception with the level of satisfaction in ATM service is that getting faster transaction from ATM. With this regards, 67% of the respondents have a positive response, 17% response neutral and the remaining 16% of respondent have a negative response and this statement score 3.69 mean value. This indicates that customers are getting faster transaction when they are using by ATM.

The charge of getting service from the bank ATM terminal is fair is the third item under Customer perception with the level of satisfaction in ATM service With this regards, 75% of the respondents have a positive response, 15% response neutral and 10% of the respondents' negative response and this statement score 3.87 mean value. This implied that CBE sets a fair charge for the ATM service.

The number of ATMs across distance is fair is another item under Customer perception with the level of satisfaction in ATM service. With this regards, 57% of the respondents have a positive response. 13% response neutral and the remaining 30% of the respondent have a negative perception and score 3.41 mean values. This shows that CBE deploys ATM's with fair distance and customers are satisfied with it.

The other item which asked in Customer perception with the level of satisfaction in ATM service is the ATM always works properly without any abnormality. Data obtained from respondents, 21% of the respondents have a positive response, 24% response neutral, and 55% of respondents have a negative

response and this statement score mean value of 2.60. This means that ATM's are not serving customers properly.

The other item under Customer perception with the level of satisfaction in ATM service is that ATM has user friendly system environment to handle transaction and get services. With this regard 67% of respondents have a positive response, 24% of respondents respond neutral, and 9% of respondents have negative response and this statement scores mean value of 3.67. This means that CBE's ATM are user friendly and customers are satisfied on it.

The service by ATMs satisfied my card banking service need is another issue of Customer perception with the level of satisfaction in ATM service. With this regards 63% of the respondents have positive perception, 25% response neutral, and 12% respondents have a negative perception and the mean score is 3.61 which is approached to agreed scale. This implied that, customers have positive perception on this item.

The last item under Customer perception with the level of satisfaction in ATM service is that, I recommend my families and relatives to use the ATM service are the last item under of Customer perception with the level of satisfaction in ATM service. With this regard 77% of respondents have a positive response, 15% respondents respond neutral, and 8% respondents have negative response and this statement scores mean value of 4.02. This implies that most customers recommend others to use the services.

In general, Customer perception with the level of satisfaction in ATM service attributes scores mean value of 3.50 which is approaches to agreed scale. Even if the mean value comes close to the agreed perception, there is two items which has small mean value as compared with the other item under Customer perception with the level of satisfaction in ATM service. This is ATM always works properly without any abnormality scores 2.60 falls in lowest perception result and ATM withdrawal error settled quickly in the bank scores 2.99. This is lower perception rate given by customers as compared to other items. Therefore, CBE should improve the working hour of ATMs and settlement process.

4.4 Qualitative Analysis

In addition to closed-ended questions, respondents were asked the following open-ended questions in order to know their attitude on ATM services and their satisfaction on the service.

1. Are there any other benefits you perceive from ATM service not stated above?

- ATM machines are very important especially at holiday and evenings.
- Enables to make account transfer and check balance.
- Improve adaption of technology.
- Enables me to make account transfer and to get foreign exchange
- It helps to manage my expenditure
- It reduces the risk to be theft and it create cashless society

This indicates that most of the customers that use ATM have enough awareness about the benefit of ATM service. So, we can conclude that it is very important to service and customers that want to use the service in order to get the listed benefits.

2. Are there any other problems you perceive in associated with the ATM service not stated above?

- ATM machines are not proximate to our area.
- The bank didn't give orientation for new customers at the machine.
- Most of ATM's are out of service at weekend.
- The light is not comfortable for eyes.
- There is frequent power interruption and machine run out of cash.
- Some ATM machines are placed on unsafe area and it's exposed to password hacker.
- The machine debits my account without delivering cash and it takes long time to adjust.
- Sometime the machine catches cards.
- The machine delays to update current balance.

- The password is not strong it can easily observe.
- Transferring money from one account to another CBE account using ATM is difficult, utility payment is available on the list but, not functional.
- Most of ATMs are out of receipt paper.
- Video and sound that came out from the screen are annoying.

The points are related with network problem, placement of ATM's, security issues, getting additional services, customers knowledge gaps and so on.

3. What do you think needs to be done to improve the service you get through the ATM?

- CBE should have to install additional ATM to decrease waiting time as well as the distance between machines.
- CBE should control cash out of ATM.
- Daily cash withdrawal amount limit should be increased.
- The bank should have to use alternatives whenever power is interrupted and network problem must be solved.
- CBE should have to give awareness for customers how to use machine and check the machines frequently especially at weekends.
- The bank should have to assign responsible person who gives immediate solution.
- The bank should deploy more POS machines rather than ATM.
- The bank should give immediate response on wrongly debited amounts.
- The bank should have to add some services like accepting cash deposit, fill air time for cell phones to pay bills and adding credit cards.
- The bank should make a continuous follow up especially at evening and weekends.

- The bank should reduce the machine that down-time observed.
- The bank should seriously work on the Forex ATM machine.
- The security system should be strong.
- The bank should place machines around market sector and condominium.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

This chapter gives the Summary, conclusion and recommendations of the study and suggestions for further research.

5.1 Summary of Findings

The objective of the study is to assess the customer satisfaction on ATM services in Commercial Bank of Ethiopia.

In this research descriptive study method and purposive sampling technique were used to collect the data and investigate research objectives. The study was conducted by distributing questionnaires to 400 WAAD grade three and four customers from which 324 (81%) have been collected. The perceived closed-ended question whereby 5–Point Likert scale range from strongly disagree to strongly agree.

The demographic backgrounds of the sample respondents are presented in four parameters to understand the customer profiles i.e., gender, age, and educational status and ATM service experience. Based on the data presented above a total of 56% & 44% respondents are male and female respectively. With regards to age of respondents, 84%, 13%, 2%, & 1% of respondents are in the age range of 18-30, 31-40, 41-50 and above 50 respectively. With regards to their educational status, 4%, 6%, 76%, & 14% of the respondents are certificate and below, diploma holder, BA/BSC holders and MA/MSc holders and above respectively. With regards to ATM service experience, 12%, 17%, & 71% of the respondents are using ATM service for 6 months and below, 7-12 months and above a year.

The perceptions of customers towards ATM service are presented in three attributes. These are Benefits of ATM service, Challenges of ATM service, and customers' satisfaction with the level of ATM service..

The overall Benefits of ATM service attributes of ATM service quality scores mean value of 3.91 which is closer to the agreed and it's the highest score when we compare with the others. Therefore customers are benefited by using ATM services.

The overall challenges of ATM service attributes scores mean value of 2.99 which is between disagreed and neutral scales and it shows customers has face challenges on ATM service with comparing to other

attributes. Even if the mean value comes close to the lowest perception, there are two items which has large mean value as compared with the other item under Challenges of ATM service attribute, which is “Getting ATM everywhere exposed me to extravagant behavior and there is a frequent interruption of ATM service” with a mean value of 3.08 and 3.48 respectively.

Finally, the overall customers’ satisfactions with the level of ATM service scores mean value of 3.50 it’s between neutral and agree scales. This implies the majority of respondents have positive perception and they are satisfied with the ATM service of CBE. .

5.2 Conclusion

Service quality is an approach to manage business processes in order to ensure full satisfaction of the customers, which will help to increase competitiveness and effectiveness of the industry. Parasuraman et al. (1985, 1988) and Cronin and Taylor (1992, 1994) conducted a thorough analysis and provided empirical support that present service quality as an antecedent of customer satisfaction. Study on service quality and customer satisfaction in the banking industry carefully demonstrated that service quality is linked to customer satisfaction (Khan, 2010) the notion taken in this study. Since firms exist to satisfy customers by meeting their requirements, it is crucial for banks that offer ATM services to periodically and consistently measure the satisfaction of their customers.

Bank sectors are enforced to develop alternative service channels due to technological changes, to fulfill the customer desire, to maximize the profitability, enhance the market share, and achieve the customer loyalty. Due to this CBE should give attention to its ATM service by evaluating the quality of the service and improve the gap in order to get the benefits from it. The objective of this study was to assess the customer Satisfaction on ATM Service. In order to achieve the main objective of the study, the researcher prepared three basic specific objectives of the study.

These are:

1. To identify Benefits of ATM service

ATM service has lots of benefits to customers as well as for the bank. Increased Sales and Customer Retention are some of benefit for Bank. Based on the finding, benefits of ATM service attribute has the highest result and the finding indicates that the CBE’s customers have got benefit from the ATM service.

2. To identify challenges of ATM service

Customers may face challenges in using the ATM service because of different reasons like, network problem, knowledge gap and so on. When customers face a problem or have questions they prefer to talk to the bank employee's. If the question get immediate solution it create good image about the service, attract new customers and increase the customer satisfaction level. However, the finding shows, CBE has serious service gap on responding the challenges that face perceive from customers

3. To identify the customers satisfaction with the level of ATM service

Service and customer satisfaction have certain things in common in which perceived service attribute are a major predictor of customer satisfaction. If the service doesn't have quality and efficiency customers will never use the ATM service. Based on the finding, the CBE ATM service quality has the highest result and the finding indicate that customers are satisfied with the service. The results show that customers' satisfaction with the level of ATM service attribute has highest result and the finding indicate that customers are satisfied with ATM service.

In general the finding shows the three attribute benefits of ATM service and customers satisfaction with the level of ATM service have positive perceptions by the ATM customers. However, the challenges of ATM services have negative customer perception.

5.3 Recommendations

- A. ATM service is a recent phenomenon to our country the exposure for most of the customer will be new, so that CBE should prepare brochures, fliers and one to one training for customers.so that they can know all the service rendered, the charges associated with using the ATM and how to operate the machine.
- B. CBE should review their maximum withdrawal limit set for ATM.
- C. CBE should install their ATM in such a way that it protects or gives complete privacy by constructing small shades and it should also install around market sectors and condominium.

- D. Availability of network is key to give E-banking service like ATM; CBE should negotiate with Ethio telecom provider about the matter. Most of the time network failure occurs due to electricity interruption.
- E. CBE should resolve or minimize an error that happens at the time of withdrawal same as with the settlement.
- F. CBE should have to work continuously on customer support service or call center.
- G. CBE should deploy more alternatives like POS (point of sale) to support ATM and to add alternative access for customers.
- H. CBE should have to start additional services on the ATM like bill payment. This makes customers life easier.
- I. CBE should have to work on making machines user friendly as well as on sound and lighting system.

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APPENDIX 1: SURVEY QUESTIONNAIRE



St. Mary's University
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St. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
MASTERS OF BUSINESS ADMINISTRATION (MBA) PROGRAM

Dear respondent,

The purpose of this study is for the practical fulfillment of the researcher's Master's Degree Program in Business Administration at St. Mary's University. I am undertaking a dissertation on the topic: An Assessment of Customer Satisfaction on ATM Service in CBE.

The researcher would like to confirm to you that the respondents as well as the data found through this questionnaire will remain confidential and will be used only for an academic purpose.

Instruction

- Please put a \surd mark corresponding to your answer choices for each of the attached questions.
- Thank you for your valuable time in advance.

TsionTeklebrhan

MBA student at St. Mary's University

Tel: 0912878984

E-mail: tsionteklebrhan@yahoo.com

To be filled out by CBE's customer of ATM Service users

Section I: Please put tick (√) in the space in front of your options:

1. Gender Male Female

2. Age 18-30 31-40 41-50 above 51

3. Education Level Certificate holder and below level Diploma holder
BA/BSC MA/MSc and above

4. How long have you been using ATM service? 6 Months & below 7-12 Months
More than a year

Section II: Please indicate whether you agree or disagree with each statement by ticking (√) on the spaces that specify your choice from the options that range from Strongly Disagree to Strong Agree.

Note: SD= Strongly Disagree, D= Disagree, N= Neutral, A= Agree, SA= Strongly Agree

No	Questions used to assess the service of ATM machine	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	I. Questions used to identify Benefits of ATM service					
1	I get much benefit from ATM service since, I start using the service.					
2	Using ATM saves time.					
3	The maximum daily withdrawal limits set for ATM are fair.					
4	The speeds of processing transaction by ATM are much faster.					
5	The ATM service eases my life that it has enabled me to withdraw cash at evenings and holidays.					
	II. Questions used to identify the Challenges of ATM service					
6	Getting ATM everywhere exposed me to extravagant behavior.					

7	Due to the charges while using ATM, I prefer to go to bank branches for service.					
8	In case of errors the bank doesn't gives quick response.					
9	There is a frequent interruption of ATM service.					
	III. Questions used to identify the customers satisfaction with the level of ATM service					
10	The bank Visa/ATM card delivery system is fast.					
11	I found quality notes of birr when I withdraw money through ATM.					
12	The bank give the guideline on how to use ATM.					
13	ATM withdrawal error settled quickly in the bank.					
14	There are times where the ATM machines run out cash.					
15	The ATM's are placed in convenient and accessible locations in such way that my safety, security and privacy are maintained.					
16	I get faster transaction from ATM whenever I go to the terminals.					
17	The charge of getting service from the bank ATM terminal is fair.					
18	The number of ATMs across distance is fair.					
19	The ATM always works properly without any abnormality whenever I go.					
20	The ATM has user friendly system environment to handle transaction and get services.					
21	The service by ATMs satisfied my card banking service needs					
22	I recommend my families and relatives to use the ATM service.					

Please mention your opinion related to ATM service given at CBE.

1. Are there any other benefits you perceive from ATM service not stated above?

.....
.....
.....
.....

2. Are there any other problems you perceive in associated with the ATM service not stated above?

.....
.....
.....
.....

3. What do you think needs to be done to improve the service you get through the ATM?

.....
.....
.....
.....

Thank you for taking time to complete this questionnaire!

APPENDIX 2

DECLARATION

I, TsionTeklebrhan, hereby declare that this Master Thesis titled “**An Assessment of Customer Satisfaction on Automated Teller Machine in case of commercial bank of Ethiopia**” is an original work. I have accepted out the present study independently with the guidance and support of the research advisor, Aberaraw Chane (PhD). Any other research or academic bases used here in this study have been correctly accepted. Furthermore, this study has not been submitted for the honor of any Degree or Diploma Program in this or any other institution.

Name

Signature

St. Mary’s University

June, 2018

Addis Ababa

APPENDIX 3

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for MBA program with my approval as a university advisor.

Aberaraw Chane (PhD)

Advisor

Signature

St. Mary's University

June, 2018

Addis Ababa