

**THE EFFECT OF AUTOMATED TELLER MACHINE USE ON CUSTOMER
SATISFACTION IN BANKING**

A CASE STUDY OF STANBIC BANK, MBARARA BANK BRANCH

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ABSTRACT

The purpose of the study was to assess the effect of ATM use on customer satisfaction in banking. The study is driven by the fact that ATM use ease access to bank services beyond working hours and days. This is supported by diffusion of innovation theory since ATM innovation was result of a need to initiate a computerized telecommunication device to provide 24/7 access to ATM services to arouse customer satisfaction as reinforced in dissonance Theory. The study was guided by three research objectives: examining the forms of customer satisfaction in the use of ATM, identifying the challenges of ATM use and strategies to strengthen customer satisfaction. The study used quantitative survey design, non-experimental and cross sectional in nature. Primary data was collected using questionnaire method from 144 respondents and analyzed with SPSS.

Findings from the study indicated that majority of the respondents agreed to availability of ATM services 24/7 days, cheap cash withdraws, effective cash balance inquiry. Amidst challenges faced in the use of ATM include incorrect inserting of ATM card, limited cash withdraw, network breakdown, long queues, high financial charges, complexity of the ATM machine and card retention. However, ATM use predicts customer satisfaction at 5% confidence level.

Strategies to strengthen customer satisfaction on the use of ATM point were to increase accessibility of ATM machines, Sensitization, provision of support desk, strengthening the Network signal, and increase on secure safety measures on ATM card and reduction on transaction financial fees charges on ATM.

The managers should improve on the network signals, regular servicing of ATM machines and sensitization of users to improve on the customer satisfaction in order to attract new and maintain loyal customers to support performance of bank.