

ATM SERVICES – A TOOL FOR FINANCIAL INCLUSION

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Abstract

Now a days ATM center allows the people to access almost all the banking services like open or withdraw fixed deposit, pay insurance premium, pay income tax, apply for personal loan, transfer the fund, bill / utility payments and allows to deposit and withdraw the money at any time. ATM service is available 24/7 in unbanked area to access the financial services offered by the banks to reach 100 per cent financial inclusion. This paper aims to study how for the ATM services are used as a tool for financial inclusion in India.

Key words: Financial inclusion, ATM services, on site ATM, off site ATM, white labeled ATM, etc.

1. Introduction

The banking industry is one of the players in the world of e-business. Adaptation of technology has brought a revolutionary change in the traditional banking process. Working hours are no longer considered important as the banking services are now available round the clock. On one side, internet banking is helping the banks to meet the increasing needs of the consumers effectively and efficiently and on the other side, banks are facing number of challenges due to changes in technology. Electronic banking is the most inventive service offered by the banks. The transformation from traditional banking to electronic banking has been a dramatized change. The evolution of electronic banking started from the use of Automated Teller Machine (ATM) and tele-banking direct bill payment, electronic funds transfer and the revolutionary online banking. There will be huge acceptance of electronic banking with the passage of time with growing awareness and education. A great many people are shifting to electronic banking and are readily accepting the usefulness of this option. It allow the customers to manage their accounts from anywhere at any time for minimum cost. Now a days ATM center allows the people to access almost all the banking services like open or withdraw fixed deposit, pay insurance premium, pay income tax, apply for personal loan, transfer the fund, bill / utility payments and allows to deposit and withdraw the money at any time. ATM service is available 24/7 in unbanked area to access the financial services offered by the banks to reach 100 per cent financial inclusion. This paper aims to study how for the ATM services are used as a tool for financial inclusion in India.

2. Objectives of the paper

The main purpose of the paper is to study how the ATM services in India is used as a tool for financial inclusion in India. The following are the specific objectives of the paper.

1. To study the penetration of number of ATMs of SCBs in India.
2. To study the growth of number of onsite and off site ATMs in India.
3. To study the growth of white labeled ATMs in India.
4. To study the value and volume of transactions of debit cards usage in India.

3. Methodology

Research design chosen for this study is descriptive research. Descriptive study is based on some previous understanding of the topic. Research has got a very specific objective and clear cut data requirements. In order to achieve the above mentioned research objectives, data were collected from the records of Reserve Bank of India, journals, magazines, and information from the related websites. The study covers a period from 2011-12 to 2015-18.

4. Results and discussion

The following tables present the analysis and interpret the objectives of the paper.

TABLE 1

No. of ATMs of SCBs at Various Areas (At end-March 2018)

Bank Group	Rural	Semi urban	Urban	Metropolitan	Total
Public sector banks	29,628	42,374	41,254	32,531	145,787
Private sector banks	4,845	14,464	15,747	25,089	60,145
Foreign banks	17	17	172	733	939
Total	34,490	56,855	57,173	58,353	206,871
Percentage of ATM	17%	27%	27%	28%	
Growth over previous year	0.9	1.7	-2.2	-2.2	-0.6

Source: Compiled from the records of RBI

While the spread of ATMs has been enhancing the access to banking services and thus promoting financial inclusion, it has been biased towards urban and metropolitan cities which account for 56 per cent of the total number of ATMs. During 2017-18, these numbers declined in both urban and metropolitan cities while their penetration increased modestly in rural and semi-urban cities. While ATMs of public sector banks are evenly distributed across various population cities, those of private and foreign banks are skewed towards urban and metropolitan cities.

4.1. On-site ATMs

ATM machines are set up in the premises where there is a bank branch so that both the physical branch and the ATM can be used. This is known as being onsite and this can be used for several purposes. Many people can use this to avoid the lines that are present in the branch and hence save on the time required to complete their transactions.

TABLE 2

No. of On-site ATMs

Year	On-site ATMs	Trend	Growth
2011-12	531353	100.00	
2012-13	606220	114.09	14.09
2013-14	807997	152.06	33.28
2014-15	1085350	204.26	34.33
2015-16	1151456	216.70	6.09
2016-17	109,809	20.66	-90.5
2017-18	106,776	20.09	-2.76

Source: Compiled from the records of RBI

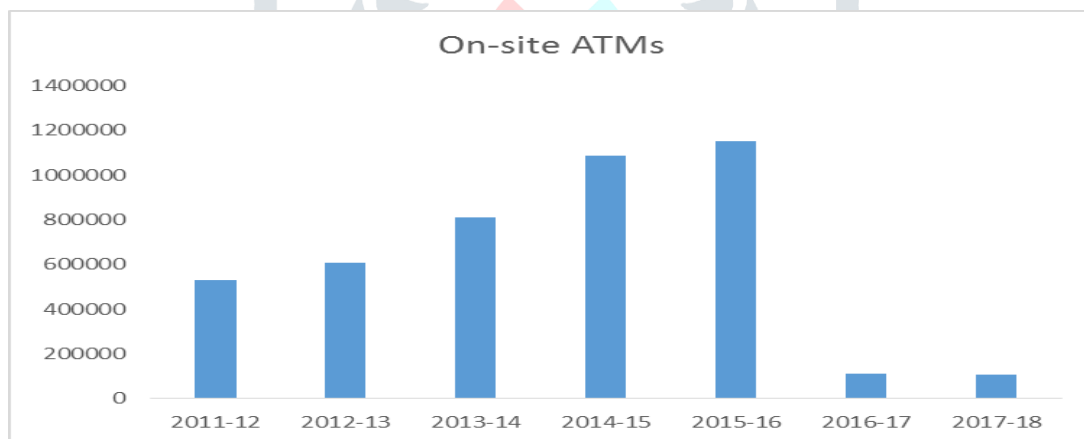


Table 2 infers about the growth of ATMs of schedule commercial banks in India during the period from 2011-12 to 2015-16. It indicates that the penetration of on-site ATMs across the country decreased during the year 2017-18 with the total number of 106776 compared to 109809 on-site ATMs during 2016-17. The trend percentage of on-site ATM was shown -2.76 percentages during the end of study period.

4.2. Off-site ATMs

These are the machines that are set up on a stand alone basis. This means that the bank has a place where there is only on ATM machine then this becomes an offsite ATM. This is done to ensure that the bank reaches out to more topographical areas and that people are able to use its services even when there is no bank branch in the area.

TABLE 3

No. of Off-site ATMs

Year	No. of off-site ATMs	Trend	Growth
2011-12	442602	100.00	
2012-13	633939	143.23	43.23
2013-14	742084	167.66	17.06
2014-15	982208	221.92	32.36
2015-16	1136339	256.74	15.69
2016-17	98,545	22.26	-91.32
2017-18	100,276	22.65	1.75

Source: Compiled from the records of RBI

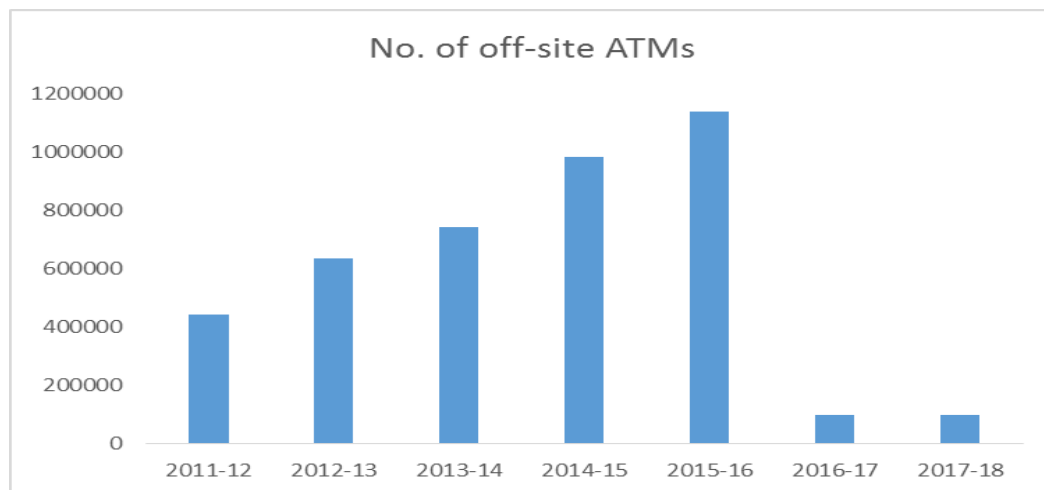


Table 3 specifies the growth made by off-site ATMs of scheduled commercial banks in India for the period from 2011-12 to 2015-16. It indicates that the penetration of off-site ATMs across the country increased during the year 2017-18 with the total number of offsite ATMs 100,276 compared to 98,545 offsite ATMs during 2016-17. The trend percentage of off-site ATM showed 22.6 percentages during the study period.

4.3. White-label ATMs

To aid financial inclusion and drive ATM penetration in the country, the Reserve Bank of India has permitted the launch of White Labelled ATMs (WLAs) i.e. private non-bank entities to set up, own and operate their own brand of ATMs in the under banked tier III to VI center to achieve financial inclusion in the country. The growth of white-label ATMs has tapered off in recent years, although the number of WLAs crossed 15,000 during 2017-18. In order to facilitate cash availability for WLA operators, sourcing of cash from retail outlets in addition to banks was allowed from December 2016, around three-fourth of the WLAs were deployed in rural and semi-urban centers.

4.4. Transactions of debit cards

Table 4 specifies the growth made by the transaction by using of debit card in India for the period from 2015-16 to 2017-18.

TABLE 4
No. of Transactions of Debit Cards

Years	Value of transactions (Actual) Debit cards (Rs. billion)	Volume of transactions (Actual) Debit cards (million)
2015-16	1,589	1,173.6
2016-17	3,299	2,399.3
2017-18	4,601	3,343.4

Source: Collected and Compiled from the Reports of RBI

Table 4 indicate that the penetration of usage of debit card across the country in terms of number of transactions increased during the year 2016-17 with the total numbers of transaction of debit card 2,399.3 million compared to 1173.6 million transaction of debit card during 2015-16. The trend percentage of transaction of debit card usage was increased to 409.41 percentages during the study period and tremendous growth was also found to the period 2017-18. The value of transactions of debit cards usage at ATM centers are also shown tremendous increases during the study period. The value of transaction through the debit cards is increased from Rs.1589 billion in the year 2015-16 to Rs.4601 billion in the year 2017 -18.

5. Findings

1. ATMs of public sector banks are evenly distributed across various population cities, those of private and foreign banks are skewed towards semi urban, urban and metropolitan cities.
2. On-site ATMs across the country decreased during the year 2017-18 with the total number of 106776 compared to 109809 on-site ATMs during 2016-17.
3. The penetration of off-site ATMs across the country increased during the year 2017-18 with the total number of offsite ATMs 100,276 compared to 98,545 offsite ATMs during 2016-17.
4. The growth of white-label ATMs has tapered off in recent years, although the number of WLAs crossed 15,000 during 2017-18.
5. The penetration of usage of debit card across the country in terms of number of transactions increased during the year 2016-17 with the total numbers of transaction of debit card 2,399.3 million compared to 1173.6 million transaction of debit card during 2015-16.

6. The value of transactions of debit cards usage at ATM centers are also shown a tremendous increase during the study period. The value of transaction through the debit cards is increased from Rs.1589 billion in the year 2015-16 to Rs.4601 billion in the year 2017 -18.

6. Conclusion

E -banking has become a major facility sought after by the existing and potential customers. The banks have to increase the awareness about e-banking technology, so that customers can get better service. The sufficient services available may be improved to give better customer satisfaction leading to retention of existing customers and attracting new customers. The ATM services in India provide to access the financial services at reasonable cost, round the clock in both unbanked and under banked area through onsite, offsite and white labeled ATM services to achieve financial inclusion in India.

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