

## PROBLEMS AND PROSPECTS OF APPLICATION AND UTILIZATION OF AUTOMATED TELLER MACHINE (ATM) IN RURAL TRANSACTION IN A COVID-19 ERA

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### Abstract

*The paper investigated the effects of Automated Teller Machine (ATM) on rural transaction during the Covid-19 pandemic and how it affects the society in relation to transaction activities. Despite the increasing number of ATM installations across the country, the rural areas severally lack such facilities. Customers' service needs are not adequately met as customers are always seen on long queue in large numbers at various ATM selected centres mostly in the cities with poor service delivery of the ATM machine at it centres. The spread of the virus and death tolls occasioned by the pandemic can be minimize towards cashless method through adopting cashless society policy.*

**Keywords:** *Automated Teller Machine, Rural Transaction, Bank Application, Cashless Society.*

### Introduction

The Covid-19 pandemic which started in year 2019 has become a new normal and has come to stay, dissimilar with any other infection as we previously noticed. The virus so far has spread widely across the world causing several death tolls on humans world over. The loss of lives has an effect on the depression of most economic sectors or businesses. But, from a different view point, Kudrnová (2019) assert that there is advancement in some aspects of our livelihood, change of perception and the way of life alongside a society towards cashless method of transaction to minimize the infection of this pandemic which create a cashless society. The unique Coronavirus (Covid-19) pandemic is a tragedy to the mankind. Covid-19 a shorten form of "Coronavirus disease of the year 2019". Records has shown that about 10 worst pandemics in human history. Covid-19 is the newest among them other than Cholera, Smallpox and Influenza (Achord et al., 2018).

Covid-19 pandemic emergence has increased the number of people that embraced cashless society. The cashless society idea is not a new concept as we knew humans long time ago already practices a barter system as a means trade of goods for goods. The effect of Covid-19 pandemics somehow has changed the manner of payment from contact to contactless. Scientific evidence suggests that the probability of transmission via banknotes is low during pandemic when compared with other frequently-handled substances, such as credit card terminals or PIN pads (Kudrnová, 2019). Inappropriately, a

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misunderstanding of this evidence has led to the ideas for people to use cashless technique rather than cash.

Cash is referred to as the physical money involving banknotes including coins. Cashless society is referred to a term representing the monetary eco-framework in which physical cash, to be specific paper banknotes and metal coins, are replaced with virtual, advanced cash, and where money distribution is substituted with instalment is done by utilizing a few sorts of cards, versatile gadgets and different other gadgets associated with the source. It implies that cashless society is a situation where economic units use electronic means to implement payments. Piyananda and Aluthge (2020) stated that a cashless society is where making payment systems less dependence on cash. These electronic resources mostly include credit cards, debit cards, Point of Sales (POS) workstations, mobile-wallets, internet banking, mobile banking etc. Some well known internets based payment methods are PayPal, Amazon Payments, Google Wallet etc.

Automated Teller Machine (ATM), an electronic machine used for financial transaction. It is a self-service banking outlet. It is an automated banking platform that does not require any banking representative/teller or a human cashier. Different banks provide their ATM services by installing cash machine in different locations of the country. Money can be withdrawn from any of these machines irrespective of whether or not you are an account holder. The ATM allows cardholders to withdraw cash, transfer funds, and check the balance at the machines. Point of Sales (POS) terminal is a system where the cardholders swipes the card and make payment instantly.

### Types of ATMs

They are basically of two types;

- a) **Basic ATM unit:** allows one to withdraw cash, check your balance, change the PIN, get little statements and receive account updates.
- b) **Complex ATM unit:** provides facilities for cash or cheque deposits and line of credit and bill payments.

ATM may be grouped according to location namely: **Onsite ATMs** which are within the bank premises while **Offsite ATMs** are present in different locations including the rural areas to ensure that people have basic banking facilities and on hand cash with accessing the bank branch.

### Utilization of ATMs

- Opening of a new account or withdraw a fixed deposit account with an ATMs is possible.
- Reload or recharge your mobile: post-paid and prepaid services using the mobile operators can be done from an ATM terminals. Friends, family member's mobile phones can be recharge in the same manner.
- Payment of taxes: Income tax can be conveniently paid using ATMs, including advance taxes, self-assessment tax as well as tax due after regular valuation.
- Deposit Cash: Some banks have mounted cash machines in ATM.
- Apply for personal loan: small ticket personal loans are given by some bank branches. Some private sector banks now offer pre-approved personal loans for customer using ATMs as the point of disbursement. The loan amount is decided using advanced analytics which shows customer's transaction details for the possible loan issuance.
- Transfer Cash: Funds can be easily transferred from your bank account to that of another bank using an ATM.

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- Payment of bills: payment of utility bills like telephone electricity bills etc through ATMs. The biller need to be register on the bank's website before payments can be made.
- Book tickets: Payments of travelling tickets can be booked at ATMs if such avenues are registered.

### Problems of ATMs

The principal issues are associated to internet connection. Without internet linking, the cashless payment system is inoperable. The internet connects banks for prompting the payments.

- ATMs can be besieged by criminals, robbers and hackers: ATM machines are both physically and electronically susceptible. The ATMs are easy target for criminals because of the locations. People risk being robbed using ATM machines especially in isolated areas especially in the rural areas.
- ATM may malfunction: These machines are bound to break down like any other piece of equipment. Failure to recognise bank cards or run out of cash. At other times the ATM system goes offline, breakdown, and insufficient funds or withdraw limits of cash.
- Poor or lack of individual service: There is inadequate bank assistants to help at the ATM pay points.
- Forgetting of Personal Identification Number (PIN) one cannot withdraw money, if damage occur in the bank card.
- Loss of ATM card can result to abuse and theft.
- Banks have limited ATM machine in rural areas.

### Prospects

- ❖ Security: New set of guidelines and policies that would guarantee payment security and regulate all aspects of these transactions by the Government and agencies involved. With cashless payment, it can have decreased crimes that are connected to cash usage such as bank robberies, security van robberies and currency counterfeits.
- ❖ The digitalization of payment methods and systems has made financial transaction easier and efficient. For example, if we are using a cashless method such as a debit card, it is much easier to deduct the money in the bank especially if the bank is related to our salary.
- ❖ Time saving: Cashless (ATM) method has already implement a perfect calculation in terms of the balance of our money whenever money is withdrawn. Using cash method, one must count manually, or require some time to count the balance of the money.

### Conclusion

The development of a cashless society is not a lopsided effort. This is a collective effort involving the people and the government. Both parties have to cooperate and see the pandemic as an opportunity towards evolving a cashless society. The government, need to have a comprehensive development plan towards helping general public so that they are able to apply cashless payment method.

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### Recommendations

- ❖ Strong need for banks to increase more of their branches that has geographical coverage
- ❖ Banker should be trustworthy as it will increase confidence and usability for the ATM
- ❖ Functional and equipped pay points and ATM machines installed in the rural areas
- ❖ Adequate security personal and facilities provided in the various ATM areas
- ❖ The bankers increase awareness to customers and enlightenment about the various ATM utility facilities such as Debit cards and Credit cards.

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