International Journal of Research Publication and Reviews

Journal homepage: www.ijrpr.com ISSN 2582-7421

A Study on Perception of Customer Towards Bancassurance

Kunik Raj[1], Patadiya Kishan[2], Kapadiya Dhruvi[3]

[1,2,3] *Student, Parul Institute of Management & Research (MBA), Parul University.*

A B S T R A C T

Making the correct amount of the right product available at the right time and place is the goal of the distribution channel. Distribution is intended to generate the utility of time, place, and possession. It is anticipated that a distribution channel will carry out the selling role by guiding customers through the awareness, interest, desire, and action phases. Because every product has a distinct and diverse distribution channel, which is determined by the skill level and cost of the chosen distribution technique, distribution channels must be carefully chosen. To receive the most benefits and provide a variety of consumer services, insurance businesses must have the right distribution channels. The moment has come for the business to gradually transition away from traditional individual agents and toward new channels of distribution that emphasize raising awareness rather than merely selling goods. Distribution across multiple channels is urgently needed. Numerous Financial Consultancy Firms, Share Broking Firms, and Investment Advisers have established corporate agencies and are selling insurance to their current clientele as well as expanding their insurance sales to new clients via recommendations from their existing clientele. The incorporation of banks as corporate agents and the marketing of insurance through the banks is another noteworthy development. Exploiting business customers and signing up for corporate clients' employees' insurance would be another area where bankers would be interested in selling insurance because it would be an accessible path. When it comes to business accounts, banks often handle employee salary distribution and personal lending services. These products assist in mitigating the loss incurred by financial institutions that provide loans and credit to persons in the event of the borrower's infirmity or death. The coverage is renewable annually and expires when the policyholder reaches the maximum age. Due to their extremely low prices, these items solely provide protection and have no maturity returns. Since the plans often have a set start date each year, people who join in the middle must pay the appropriate premiums for the first year. Customers get an acknowledgment or certificate of insurance as long as the bank is the primary policyholder. Additionally, there has been an attempt in the market to offer the value addition of life insurance cover to the bank's well-liked recurring deposit program. The focus of this project is Bancassurance as a substitute distribution channel that has the potential to revolutionize the insurance landscape.

Keywords: Distribution Channel, Utility of time, place, and possession, Selling Role, Cost, Maturity Returns, Premiums

Introduction

❖ **BANCASSURANCE**

The banking and finance sectors of an economy are not immune to the competition that results from globalization, liberalization, and technological advances. Bancassurance is a collaboration between the banking and insurance industries to provide comprehensive financial solutions to customers. Modern banking has enabled banks to compete equally with the rest of the financial sector.

Bancassurance is a French term used to describe insurance products that can be offered evenly through a bank. Banks have their own insurance products, and they occasionally partner with insurance companies to sell their products through the bank's distribution channels. Banks face difficulty in retaining customers as a result of increased competition in the insurance business. Sometimes customers are highly delighted with banks because they may supply several services in one location. Insurance is an intangible that measures the actual benefit of utility and satisfaction after the contingency has occurred and the claim has been filed.

For insurance firms, safety, trust, and product selection are all dependent on client pleasure. Banks measure customer satisfaction based on general contentment, trust, reliability, and professionalism. Bancassurance services are classified into two types: 1. Life Insurance 2. Non-Life Insurance. Bancassurance has grown around the world; according to Insurance Europe, 75% to 80% of life insurance premiums are distributed through bancassurance.

❖ **FEATURES**

1. Banks are not allowed to pay a premium on behalf of their customers.

2. All commissions are reported in the yearly financial report.

3. Bancassurance increases revenues for both parties.

4. It improves the customer's lifetime value

5. It offers comprehensive financial services under one roof.

6. Insurance companies might benefit from a bank's network to increase product sales.

TYPES OF BANCASSURANCE SERVICES

1. Life Insurance Products

- Endowment plans

- Unit-linked insurance plans

- Term insurance plans

2. Non-Life Insurance Products

- Property Insurance

- Marine Insurance

- Health insurance

❖ **IN INDIA THERE ARE 58 INSURANCE COMPANY**

whereas 34 companies take care of non-life insurance. **The Life Insurance Corporation of India (LIC)** is the only leading public sector insurance company in India.

1. LIC

2. ICICI PRUDENTIAL

3. HDFC LIFE

4. SBI LIFE

5. Edelweiss Tokio Life Insurance

6. Aditya Birla Sun Life Insurance Company

7. India First Life Insurance Company

8. AEGON Life Insurance Company

9. AVIVA Life Insurance Company

10. BAJAJ Allianz Life Insurance Company

11. Bharti AXA Life Insurance Company

12. DHFL Pramerica Life Insurance Company

13. Exide Life Insurance Company

14. HDFC standard Life Insurance Company

15. KOTAK Mahindra Life Insurance Company

16. MAX Life Insurance Company

17. PNB Met Life Insurance Company

18. Reliance Life Insurance Company

19. Sahara Life Insurance Company

20. TATA AIA Life Insurance Company

21. STAR Union Dai-Ichi Life Insurance Company

22. Shriram Life Insurance Company

23. IDBI Federal Life Insurance Company

24. Future Generali India Life Insurance Company.

Concept-

Customer perception towards bancassurance can vary widely depending on factors such as their individual experiences, the quality of products and services offered, and their trust in the bank. Generally, some customers may view bancassurance positively because it offers the convenience of accessing insurance products through their bank, which they already trust. Others may be skeptical due to concerns about potential conflicts of interest or the suitability of the insurance products offered. Ultimately, customer perception can be influenced by factors like transparency, customer service, and the perceived value of the insurance products within the bancassurance model.

• From the standpoint of financial organizations such as banks, bancassurance might be considered as an advantageous commercial approach. These are a few facets of how they view customers:

• Revenue Generation: As a way to bring in extra money, banks view bancassurance. Commissions and fees from insurance sales are available to them if they sell insurance goods along with banking services.

• Customer Retention: By offering a greater variety of financial goods and services under one roof, bancassurance helps improve customer loyalty. By doing this, banks may draw in new clients and keep their current ones.

• Opportunities for Cross-Selling: Banks see bancassurance as a way to do cross-selling. They can increase each customer's "wallet share" by offering insurance products through their current customer base.

• Risk management: Banks may view providing insurance products as a means of controlling risk for both their clients and themselves. In the event of unforeseen circumstances, insurance can offer financial protection, lowering the bank's exposure to loan defaults and other financial risks.

• Competitive Advantage: Banks view bancassurance as a way to set themselves apart from other institutions. Providing insurance goods may be a differentiator that draws clients.

• Customer Trust: Banks may find it easier to offer insurance products through their well-known brand because they think that customers trust them more than independent insurance providers.

• Convenience: Clients may acquire policies and handle all of their financial and insurance needs in one location by utilizing the insurance products that are available via their current bank.

• Personalized Solutions: Banks may provide a more individualized approach to insurance by customizing insurance solutions to meet the needs and financial goals of their customers.

• Competitive prices: Compared to independent insurance providers, Bancassurance frequently provides bank customers with competitive insurance prices and discounts, which may result in financial savings.

• Ease of Payment: The customer's bank account can be used to conveniently deduct premiums, guaranteeing regular payments and lowering the possibility of policy defaults.

• Accessibility: Customers may obtain information and services more easily thanks to bancassurance services, which are easily accessible through the bank's branches, website, and mobile applications.

• Trust and Security: Because they already have a financial relationship with their bank, customers may feel more secure and have more trust when buying insurance from them.

• Comprehensive Financial Planning: To make sure they have enough coverage for a range of life situations, Bancassurance can assist clients in incorporating insurance into their comprehensive financial strategy.

3. Literature Review –

i. **According to URVI AMIN:** For policymakers and researchers, bancassurance drew the most attention for its incredible achievement. The Andhra Business Bureau published a story titled "Bancassurance to reach 40% of premium income by 2012." Based on Towers Western India Bancassurance. According to a benchmarking survey from 2009-10, bancassurance is predicted to create 40% of private issuers. Premium income by 2012 Bank distribution in India has promising possibilities, thanks to an amazing branch banking architecture that reaches every area of the country and touches every income section of the population. John Cooper says: Success with Bancassurance.

ii. **According to the Global Insurance Consumer Survey**: which was done among 24000 customers worldwide, "customers are looking for value, convenience, and to buy from banks they trust".

iii. **According to S. Saravan Kumar:** the success of bancassurance is heavily reliant on banks maintaining outstanding customer relationships; consequently, banks must strive in that direction. Deepika Upadhyaya concluded in her study that, while satisfaction levels are high, there is still more work to be done by the management of retail life insurance businesses to enhance client satisfaction and improve service quality. Customer satisfaction with the services of Life Insurance Companies is tied to the performance of the service.

iv.   **According to Kumari T. (2012):** show that customer knowledge is partial or low.

v.   **According to Boon, Chein, and Yittjia (2012):** demonstrates that just three out of Roger's five criteria, namely, relative advantage, trialability, and observability, influence customers' adoption of the new products offered by banks.

vi.   **According to Ghosh & Kaur (2014):** Customers' primary reasons for purchasing insurance products from banks include convenience, financial services under one roof, long-term relationships with banks, trust and image of banks, credibility of services, proximity of bank branches, knowledge level of bank staff, overall quality of service, expertise and dealing by bank staff.

vii.   **According to Sreedevi and Auguskani (2014):** the insurance was obtained while applying for a loan.

viii.   **According to Choudhury and Singh (2015):** customers are increasingly reliant on the bancassurance channel to obtain bancassurance services.

ix.   **According to Meera and Eswari (2011**): discovered that the frequency with which clients visit the bank had no effect on cross-selling insurance. Customers are delighted with banks' price, trust, value-added services, customer benefits, and convenience.

x.   **According to SREEDEVI & AUGUSKANI (2014):** The majority of respondents are moderately happy with banks' services, including insurance.

xi.   **According to Meera and Eswari's (2011):** study on customer satisfaction with cross-selling of insurance products in private sector banks finds that respondents with a professional degree and those with a family income of Rs. 3-4 lakhs per year have a strong opinion on banks' cross-selling of insurance products. Similarly, among respondents' occupations, the business category had a stronger outlook than the other groups. The review has emphasized three important factors, viz., awareness about bancassurance, consumers' choice i.e., the reasons why customers would like to acquire insurance products through banks, and customer satisfaction in terms of their experience with banks as insurance agents.

4. Research Methodology

4.1 Objectives of the Study:

The primary goal of the study was to assess and analyse client perceptions in terms of awareness, preference, and satisfaction. It also proposed examining their interrelationships. The study's aims are as follows:

1)   To determine customers' perceptions of the assurance provided by the bancassurance channel.

2)   To investigate the effect of demographic characteristics on customers' perceptions of assurance in the bancassurance channel.

4.2 Research Design: Descriptive Research Design

In a theory-based design like this, the researcher's main goal is to provide a description of the research topic. It is used in surveys, case , studies, naturalistic observations, and other contexts.

This approach consists of gathering, analyzing, and presenting data. In order to help others better comprehend the necessity for this form of research, it enables the researcher to properly articulate the problem statement.

- **Data Collection Method:**

The study will use structured closed ended questionnaire & random Sampling to collect primary data.

Respondents will receive questionnaires from different bank branches via their official work email address. Respondents will have a day to complete the survey and return it by email. In order to guarantee a high response rate, participants will receive two daily reminders. Additionally, a phone call will be made to those who have not returned the questionnaire by the third day to encourage them to do so.

In a basic random sampling, every unit of the population has an equal probability of being chosen. The population's units are picked in a fashion that ensures each unit has an equal probability of being chosen and that the choice of one unit is not influenced in any way by the choice of another.

- **Sample Size:** We have 189 participants as our sample size.

- **Sampling Area:** The sampling area is divided into different successive layers

     1st we drawn sample from Banking professionals.

     Second sample from middle class people.

     Third is list of students from different colleges**.**

- **Research Instrument:** It is used for data collection and analysis. We use **interviews, Questionnaires, and online surveys** as our research instrument. We used these tools in most fields. Choosing the right research instrument is essential as it can reduce data collection time and provide more accurate results for the research purpose.

5. Data Analysis

5.1 Demographic Profile –

We conducted our survey on different age people and most of them are very young age people with good level of education. Gender-The data is collected from both male and female. There is no gender specification in collection of data i.e. data will be collected from only male. We have study both type of banks public and private for our topic have done survey on these 2 banks where we found that respondents is rely more on public sector banks rather than private sector banks. Our survey is conducted on service man, business man, student, and other based occupation. We have conducted study on all income people from 0-10+ lacs where our majority of respondent are 0-1 lac group. We collected data from various part of country from both rural and urban areas.

5.2 Nominal Questions-

1.   **Age**

		Frequency	Percent	Valid Percent	Cumulative Percent
	18-25	122.0	122.0	122.0	64.6
	26-32	58.0	58.0	58.0	95.3
Valid	32-40	5.0	5.0	5.0	97.98
	Over 40	4.0	4.0	4.0	100.0
	Total	189.0	189.0	189.0	

Interpretation:

The data shows the age group of the respondents. The data consists of 64.6% of respondents from 18-25 age group, 30.7% from 26-32 age group, 2.68% from 32-40 and 2.02% from over 40 of the age group. The data shows that the highest ratio if respondents is from 18-25 age group.

2.   **Gender**

		Frequency	Percent	Valid Percent	Cumulative Percent
	Male	124.0	124.0	124.0	66.0
Valid	Female	64.0	64.0	64.0	100.0
	Total	188.0	188.0	188.0	

Interpretation:

The above data shows the gender of the respondents. There are 66% of male respondents and 34% of female respondents to the study.

3   **Income?**

	Frequency	Percent	Valid Percent	Cumulative Percent
0-1 Lac	99.0	99.0	99.0	52.07
1-2.5 Lac	63.0	63.0	63.0	86.2
2.5-5 Lac	19.0	19.0	19.0	96.8

	Frequency			
5Lac >	7.0	7.0	7.0	100
Total	188.0	188.0	188.0	

Interpretation:

The data interprets the income group of respondents. There are 52.07% of respondent from 0-1lac, 34.13% respondent from 1-2.5 lac, 10.6% respondents from 2.5-5 lac, and 3.2% respondent from 5lac above income group. Which shows that majority of respondent from small income group.

4. Occupation:

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Service	27.0	27.0	27.0	14.3
	Business	33.0	33.0	33.0	31.8
	Student	76.0	76.0	76.0	72
	Other (please specify)	53.0	53.0	53.0	100.0
	Total	189.0	189.0	189.0	

Interpretation:

The data interprets the 14.3% of respondents are service people, 17.5% are business man, 40.2% are students, 28% respondents are others which are not in the mentioned category. The respondents are highest from the student occupation.

5. How many people earning in family?

	Frequency	Percent	Valid Percent	Cumulative Percent
1-5	137.0	137.0	137.0	81.5
5-10	13.0	13.0	13.0	89.2
10+	1.0	1.0	1.0	89.8
No One	17.0	17.0	17.0	100
Total	168.0	168.0	168.0	

Interpretation:

The above data shows the earning of people in the family. 81.5% of the respondents are having 1-5 people are earning, 7.7% of the respondent are having 5-10 people earning in the family, 0.6% respondent having more than 10 people earning in the family, 10.2% respondent having no one earning in the family. This shows that most of the family in this data having 1-5 people earning.

6. Have you purchase an insurance product through bank??

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	102.0	102.0	102.0	54.8
	No	84.0	84.0	84.0	100
	Total	186.0	186.0	186.0	

Interpretation:

The data shows the purchase of insurance through bank. 54.8% respondent purchase from bank and 45.2% are purchased from somewhere else. Bank is dominating the sell of insurance here.

7. **What Factors influence your decision to buy insurance from bank?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Convenience	59.0	59.0	59.0	31.9
	Trust on the bank	72.0	72.0	72.0	70.8
	Product variety	20.0	20.0	20.0	81.6
	Other	34.0	34.0	34.0	100
	Total	185.0	185.0	185.0	

Interpretation:

The above data shows the preference of the customers related to their influence to buy insurance from bank. 31.9% of respondents purchase because of convenience, 38.9% of respondent purchase because they have trust on their respective banks, 10.8% of respondent purchase due to product variety availability in banks & 18.4% of respondent buy for some else reason which are not categorize here. This shows that majority of people buy insurance from bank because they have trust on bank.

8. **How satisfied are you with the insurance products and service offered by your bank?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Satisfied	126.0	126.0	126.0	67.7
	Dissatisfied	60.0	60.0	60.0	100
	Total	186.0	186.0	186.0	

Interpretation:

The above data interprets the level of satisfaction of customers for the insurance product & service offered by the bank. 67.7% of respondent are very satisfied, 32.3% of respondent are not satisfied. This shows that people are satisfied by the insurance product & service offered by the bank.

9. **Have you ever compared bancassurance product with those offered by other insurance company?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	106.0	106.0	106.0	57.3
	No	79.0	79.0	79.0	100.0
	Total	185.0	185.0	185.0	

Interpretation:

This data interprets the comparison between bancassurance product with those offered by other insurance company. The 57% of the respondents are those who compared both, 42.7% of respondent has not compared. Majority of people having comparison before buying which is a good thing.

10. **Did you face any challenge during the purchase insurance policy?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	110.0	110.0	110.0	59.1
	No	76.0	76.0	76.0	100
	Total	186.0	186.0	186.0	

Interpretation:

This data interprets the challenges which is ever faced by the respondent in purchasing insurance policy. 59.1% of the respondent's face challenges, 40.9% are those who didn't face any challenges. Majority of people have faced challenges.

11. **How likely are you consider bancassurance for your future insurance Need From Public Sector?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Likely	102.0	102.0	102.0	53.96
	Likely	40.0	40.0	40.0	75.16
	Unlikely	27.0	27.0	27.0	89.46
	Very Unlikely	20	20	20	100.0
	Total	189.0	189.0	189.0	

Interpretation:

This data interprets the buying of insurance product & services from respondent in future from public sector bank. 53.96% of the respondents are very likely, 39.66% are those who is likely, 14.3% of respondent are unlikely, 10.54% are very unlikely. This study shows that people will go for public sector bank in future.

12. **How likely are you consider bancassurance for your future insurance Need From Private Sector?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Likely	30.0	102.0	102.0	15.9
	Likely	45.0	40.0	40.0	23.8
	Unlikely	91.0	27.0	27.0	48.2
	Very Unlikely	23.0	20	20	100.0
	Total	189.0	189.0	189.0	

Interpretation:

This data interprets the buying of insurance product & services from respondent in future from private sector bank. 15.9% of the respondents are very likely, 7.9% are those who is likely, 24.4% of respondent are unlikely, 51.8% are very unlikely. This study shows that people will not go for private sector bank in future.

13.   **Would you recommend our bancassurance service to friends or family?**

		Frequency	Percent	Valid Percent	Cumulative Percent
	Yes	80.0	80.0	80.0	43.2
	No	20.0	20.0	20.0	54.0
Valid	May Be	85.0	85.0	85.0	100
	Total	185.0	185.0	185.0	

Interpretation:

   The above data shows that will respondents suggest bancassurance service to friends or family. 43.2% of respondent are saying yes, 10.8% of respondent are saying no, 46% of respondent are not sure about that. So this states that most of the people are not sure whether they will suggest or not.

5.3 Hypothesis Testing:

There is no substantial relationship between demographic characteristics and customers' perceptions of the assurance of the bancassurance channel.

6. Findings

- Customer Segmentation
- Product Performance
- Cross-Selling Opportunities
- Claims Patterns
- Retention Insights
- Market Trends
- Operational Enhancements
- Profitability Analysis
- Customer Satisfaction Metrics

7. Conclusion

Finally, the study of the Bancassurance data offers important new information about consumer behavior, product performance, and market dynamics. Important trends in product choices, claims patterns, and customer demographics are shown by the study. Comprehending these facets is vital for formulating strategic choices and augmenting the Bancassurance enterprise as a whole.

The report emphasizes how crucial it is to optimize products, conduct focused marketing campaigns, and effectively manage risks. Segmenting customers allows for more individualized solutions, and insights from claims data help to improve risk evaluation and pricing tactics. The report emphasizes that in order to guarantee long-term success in the bancassurance industry, constant adjustment to market developments and a customer-focused mindset are vital.

Acknowledgements

References

Asp Fors, E. (2010). Customer perception of service, store image and product assortment: from an interior store perspective. Available at: http://www.theseus.fi/handle/10024/16719 (accessed: May 17, 2010).

Aggarwal, V. (2004). Bancassurance: concept, framework & implementation. The Journal of Insurance Institute of India 30: 34–51.

Anderson, E. W.; Fornell, C.; Lehmann, D. R. (1994). Customer satisfaction, market share, and profitability: findings from Sweden. The Journal of Marketing 58(3): 53–66.

Auka, D. O.; Bosire, J. N.; Matern, V. (2013). Perceived service quality and customer loyalty in retail banking in Kenya. British Journal of Marketing Studies 1(3): 32–61.

Anjor, P.; Ali, S. H.; Kumar, M.; Verma, V. K. (2014). Service quality assessment: a study of consumer satisfaction in Indian insurance sector. IOSR Journal of Business and Management 16(3): 34–41.