

Analysis of Consumer Impression of Bancassurance Services

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Abstract - Late in the 18th century saw the founding of the first Indian banks. Concerns about the public sector banks' capacity for productivity and profit arose after bank nationalization. Since the banks were nationalized in 1969, many people have criticized the new path they've been placed on for the reduction in profits and profitability. In this article, we examine how customers feel about bancassurance.

Keywords - Bancassurance, Public sector banks, Goods and services, financial markets.

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INTRODUCTION

Public sector banks, private sector banks, foreign banks operating in India, and scheduled commercial banks make up the four main subsectors of the Indian banking sector. Because they facilitate the success of both savers and investors, banks are seen as crucial financial intermediaries. Goods and services, as well as governmental operations, benefit from financing. It also supplies a significant percentage of the country's currency. The banks are the backbone of the economy because they help the nation maintain low inflation, a high employment rate, and healthy economic growth. An increase in savers' and investors' economic efficiency has a multiplier effect on raising the general quality of life.

Definition of insurance in the Encyclopedia Britannica: "a contract for reducing losses from accident incurred by an individual party through the distribution of the risk of such losses among a number of parties." In the event that the insured experiences loss due to the occurrence of a contingent event covered by the insurance contract or policy, the insurer agrees, in exchange for a set fee, to pay the insured or his beneficiary a specified sum. The insurer is often in a better position to absorb losses sustained during any given time than would the uninsured person by aggregating the financial contributions and 'insurable risks' of a large number of policyholders. Even though it has only been around for a short while, the bancassurance system is already one of the most innovative insurance distribution channels. Its primary benefit is that it enables efficient management of client portfolios by dramatically enhancing the supply of financial services with little overhead. Complex procedures of acquisition or consolidation are prompted by the variety of bancassurance institutional models, beginning with the straightforward nature of

contractual ties and progressing all the way to the goods that serve as the system's object of distribution. Bancassurance is a business model in the financial markets that allows banks to better serve their clientele by enhancing the range of financial products and services they provide for them at low cost and with minimal administrative overhead.

"Bancassurance refers to banks acting as corporate agents for insurers to distribute insurance products," says the Insurance Regulatory and Development Authority (IRDA). Banks, insurance companies, and consumers may all benefit from using bancassurance. Income from Bancassurance is the sole source of revenue for banks other than interest. The insurance firm expands its presence internationally without increasing its overhead. Customers are more satisfied with a business that meets all of their needs in one convenient location.⁴ Bancassurance is the practice of selling insurance products through banking institutions. This transaction results in profit for the bank. In the year 2000, work started in India. Regulations for the incorporation of businesses in India were developed by the IRDA. Under Section 6(1) (0) of the Banking Regulation Act, 1949, the Government of India also issued a Notification allowing banks to engage in "Insurance" as a legitimate activity. It was made clear, however, that any bank planning to enter the market would need separate authorisation from RBI. Without taking on any of the risk themselves, any scheduled commercial banks might act as agents for insurance firms in exchange for a fee. Detailed guidelines for the formation of risk-sharing joint ventures in the insurance industry have been established.

Insurers can expand their businesses more rapidly because to the banks' high average premium per client. Insurance products, such as credit life, that complement bank loans provide operational synergies throughout the whole financial industry. Bank clients have easier access, which minimizes service costs and helps keep insurance policies from lapsing. The increased value of the insurance businesses promoted by the banks benefits the banks as well because of the synergies created by bancassurance.⁶ If clients are well-informed about the benefits of bancassurance, it may dramatically boost banks' bottom lines. The goal of adopting bancassurance would be utterly undermined in the lack of widespread knowledge of bancassurance among bank clients.

MATERIAL AND METHODS

A study design is a plan that specifies how data will be collected, analyzed, and interpreted.

Research design

When applied to numerical data, descriptive research is a set of methods and strategies.

Primary Data Collection

When applied to numerical data, descriptive research is a set of methods and strategies.

Secondary Data Collection

Secondary data plays a crucial role in the actual research process by providing information on important aspects. Standard textbooks, journals, projects, dissertations, websites, and records were mined for the secondary data.

Sampling Design

Respondents from both public and private sector banks were included in the current research. There are 87 banks that are part of the public sector and 33 banks that are part of the private sector. Then, inside the boundaries of the Hyderabad District, there are a total of 120 bank branches.

The random selection technique where the likelihood of each cluster being included in the sample is proportional to the size of the cluster is deemed suitable since the sampling units in each taluks do not have the same amount of components. This allows for a systematic selection of the right number of components by listing the number of items in each cluster and summing the totals.

Table 1: Sample Distribution Of Banks

S.No	Name of the Banks	Nature of bank		Sample	Cumulative Samples
		Public Sector (n=195)	Private Sector (n=195)		
1.	SBI	65 (33.3)	0	65	65
2.	CanaraBank	65 (33.3)	0	65	130
3.	IndianBank	65 (33.3)	0	65	195
4.	TMB	0	65 (33.3)	65	260
5.	ICICI	0	65 (33.3)	65	325
6.	AXIS	0	65 (33.3)	65	390
	TOTAL	195	195	390	

Statistical tools

After we finished collecting primary data, we evaluated and revised the completed surveys to ensure that all of the information was accurate. After a thorough edit, the data were entered into a computer and coded in preparation for analysis using SPSS Version 17.0.

With the aid of SPSS 17.0, the following statistical methods are used.

Percentage Analysis

The original meaning of the word "percent" was "by the hundred" in Latin, from which we get our modern word. The Italian phrase *per cento*, meaning "for a hundred," became contracted into the symbol for "percent." In addition, "per" was often shortened as "p" and finally faded from use altogether. Shortening the "cento" to two concentric circles split by a horizontal line led to the development of the current "%" sign. Multiplying the ratio's value by 100 yields the present value.

Arithmetic Mean

The mean, also known as the arithmetic average, is the most often used measure of central tendency and is the result of dividing the sum of the values of a series of items by the total number of items in the series.

$$\bar{X} = \Sigma X / N$$

Standard Deviation

The most popular statistic for gauging the spread of a set of numbers, standard deviation is represented by the Greek letter sigma (σ). When the deviations for the values of individual items in a series are determined from the arithmetic average, the standard deviation is defined as the square-root of the average of squares of deviations.

$$\sigma = \sqrt{\sum x^2 / (n - 1)}$$

Correlation

Analyzing the degree of association between two numerically recorded continuous variables is the purpose of correlation analysis, a kind of statistical assessment. This kind of analysis is helpful when trying to determine whether any causal relationships exist between the variables of interest. When two variables are discovered to be correlated, it indicates that, over a given time period, changes in either one cause a corresponding change in the other. Whether a positive or negative connection is identified will depend on the specific values used to make the determination. Correlation is denoted by the letter r.

$$r = \frac{\sum xy}{\sqrt{\sum x^2 \sum y^2}}$$

RESULTS

Gender is a significant factor in any analysis of Indian society. The conventional wisdom was that either males are more able to control their emotions or women are weaker. However, you're making certain assumptions based on stereotypes. In recent years, there has been a radical shift in the way men and women are hired for work. Bancassurance services are available to both men and women at the same levels of banking. Responses are broken down by gender in Table.

Table 2: Participants' Gender

Gender	Frequency	Percentage
Male	227	58.2
Female	163	41.8
Total	390	100.0

Education is the means via which one's intellectual and character capacities may grow and flourish. Understanding the respondents' level of formal education is increasingly crucial. The individual's outlook and comprehension of the world around them are also enhanced. A basic education is necessary to learn about the banking services available. This led the researcher to categorize the respondents according to their level of education. The respondents' average degree of education is shown in Table.

Table 3: Respondents' Level of Education

EducationalQualification	Frequency	Percentage
PrimaryLevel	53	13.6
SecondaryLevel	63	16.2
HigherEducationLevel	9	2.3
GraduateLevel	67	17.2
PostGraduateLevel	139	35.6
Professionals	59	15.1
Total	390	100.0

Table 4.4 shows that out of 390 respondents, 139 (35.6%) have completed graduate school, 67 (17.2%) have completed undergraduate school, 63 (16.2%) have completed secondary school, 59 (15.1%) have completed professional school, 53 (13.6%) have completed primary school, and the remaining 9 (2.3%) have completed higher education.

Locations might range from rural to urban to suburban. The customer's idea that they can only get insurance through banks is at odds with the customer's actual living situation. Table 4.8 displays the findings of an examination of residential neighborhoods.

Table 4: Location of Household

Area of Residence	Frequency	Percentage
Rural	67	17.2
Urban	222	56.9
Semi-Urban	101	25.9
Total	390	100.0

If we look at Table 4.8, we can see that 222 (56.9%) of the respondents live in an urban area, 101 (25.9%) live in a semi-urban area, and 67 (17.2%) live in a rural area.

In order to succeed as a business, banking must focus on providing individualized services to its clients. Banks with the greatest insurance services are the ones that customers favor. Table 4.12 shows the insurance policy holders and the sort of bank where they hold their policies.

Table 5: Type of Banking Sector

Family Members	Frequency	Percentage
Public Sector Bank	195	50.0
Private Sector Bank	195	50.0
Total	390	100.0

The extensive branch network of most major banks makes them a very effective distribution channel. It's also well-known for providing every conceivable service. Using data management strategies, they may then create in-depth profiles of each individual consumer. They may then come up with items that are uniquely crafted for each buyer. Respondents would rather use their preferred bank than invest in

insurance. The following table displays the respondents' preferred insurance policy banks.

Table 6: Name of the Bank

Name of the Bank	Frequency	Percentage
SBI	65	16.7
Canara Bank	65	16.7
Indian Bank	65	16.7
TMB	65	16.7
ICICI	65	16.7
AXIS	65	16.7
Total	390	100.0

Bank employees encourage consumers to buy insurance without first informing them of the options available to them. The number of insurance policies held by a client at a certain bank is shown in Table.

Table 7: Total Number of Policies

Total Number of Policies	Frequency	Percentage
One	139	35.6
Two	67	17.2
Three	160	41.0
More than Three	24	6.2
Total	390	100.0

Table 4.14 shows that out of 390 respondents, 160 (41%) have three insurance policies, 139 (35.6%) have only one, 67 (17.2%) have two, and 24 (6.2%) have more than three.

The delight of customers is increasingly the primary emphasis of financial institutions. The bank's insurance services are so good that its clients have stuck with them. The respondents have established a banking connection with the bank and are maintaining it via the use of the bank's insurance offerings. Table 4.15 shows how long banks have been offering insurance.

Table 8: Number of Years of Bancassurance

Number of Years	Frequency	Percentage
2-4yrs	67	17.2
4-6yrs	205	52.6
6-8yrs	118	30.3
Total	390	100.0

Table shows that out of 390 respondents, 205 (52.6%) have bank insurance plans with a length of 4–6 years, 118 (30.3%) have bank insurance policies with a duration of 6–8 years, and the remaining 67 (17.2%) have bank insurance policies with a duration of 2–4 years.

It's the timeframe between each premium payment that the policyholder specifies. Auto insurance premiums may be paid monthly, quarterly, semiannually, or annually. The monthly option might

have somewhat higher premiums than the semi-annual plan due to the extra costs involved. Table shows the various ways in which insurance premiums are paid at various institutions.

Table 9: Mode of Bancassurance Premium Payment

Mode of Bancassurance Premium Payments	Frequency	Percentage
Monthly	91	23.3
Quarterly	59	15.1
Half-Yearly	127	32.6
Yearly	113	29.0
Total	390	100.0

Table 4.17 shows that of the 390 respondents, 127 (32.6%) pay their insurance premiums every six months, 113 (29%), every year, every two months, and every month, while 91 (23.3%), every three months, and every month, respectively. The remaining 59 (15.1%) pay their premiums every three months, every two months, and every month.

Increasing a bank's client base and the demand for its bancassurance services depends in large part on the institution's pricing strategy. Banks must assess customer satisfaction with the value they get when setting prices. Financial institutions pay close attention to premium cost, service fees, unique insurance plans, and loan terms while formulating their pricing strategies. Customer satisfaction as it relates to various pricing mix tactics is broken out in table below.

Table 10: Customer Opinions on Value for Money, According to Garrett

S. No	Price Related Factors	Mean	Std. Deviation	Rank
1.	Premium amount on various insurance competitive	3.35	.843	III
2.	Insured Premium amount are nominal	2.64	1.425	V
3.	Service charges for insurance services is reasonable	2.15	1.112	VI
4.	Providing Special Insurance Scheme Benefits	3.53	.847	II
5.	Banks have low insurance premium price	3.63	.747	I
6.	Banks providing facility take loan against Insurance policies	3.22	1.061	IV

According to the data in Table 4.28, the top five reasons for purchasing insurance are: (1) the availability of special insurance scheme benefits (3.63), (2) low insurance premium price (3.53), (3) competitive premium amounts for different types of insurance (3.35), (4) the availability of loans against insurance policies from financial institutions (3.22), and (5) the low cost of insurance (2.64).

Bancassurance relies heavily on physical evidence as a performance indicator. It takes a lot of effort and money to set up a distribution network. Even if there are benefits, such as improved customer service,

that technology may provide, it cannot replace a physical distribution network. In India, banks may soon become a viable option as a distribution mechanism for insurance. Financial documents, paperwork, brochures, furniture, the outward aspect of the facility, staff dress code, and so on are all instances of physical evidence. Data on respondents' levels of contentment with various types of tangible evidence are shown in Table.

Table 11: Customer Satisfaction with Various Types of Physical Evidence, According to the Garrett Ranking

S. No	Physical Evidence Related Factors	Mean	Std. Deviation	Rank
1.	Visually good looking bank layout	2.20	1.224	VII
2.	Comfortable waiting space	2.50	1.175	V
3.	Adequate parking facility	2.39	1.089	VI
4.	Proper queuing arrangements	2.76	1.236	III
5.	Sufficient amenities	2.66	1.154	IV
6.	Logo creates visualization and bank identity	2.87	.907	I
7.	Good appealing printed materials	2.82	.521	II
8.	Secured Premises	1.85	.864	VIII

Inference:

Based on the data in Table 4.38, we can see that out of 390 respondents, logo creates visualization and bank identity received the highest average score (2.87), while good appealing printed materials received the second highest average score (2.82), and proper queuing arrangements received the third highest average score (2.76). Fourth through eighth place went to having enough facilities (2.66), a pleasant waiting area (2.50), enough parking facility (2.39), a visually appealing bank layout (2.20), and safe premises (2.87).

Customer loyalty to a service provider is measured by how often that customer buys from that provider, how positively they see that provider, and how seriously they give that company serious consideration whenever they have a need for that service. Service Companies are always trying to find new methods to boost client loyalty. This is not limited to manufacturing companies; it also applies to service providers. It takes a certain threshold of client satisfaction before a loyal following develops for a service. Table 4.39 displays respondents' loyalty ratings towards bancassurance.

Table 12: Respondents' Dedication to the Bancassurance Service

S. No	Factors	Highly Satisfied		Satisfied		Neutral		Dissatisfied		Highly Dissatisfied	
		Count	%	Count	%	Count	%	Count	%	Count	%
1.	Say positive things to other customers about the purchase of insurance products through banks.	163	41.7	157	40.2	70	17.9	-	-	-	-
2.	Recommend bank insurance services to someone who seeks advice	118	30.2	139	35.5	89	22.8	44	11.3	-	-
3.	Encourage friends and relatives to buy insurance products through banks.	118	30.2	87	22.3	185	47.3	-	-	-	-
4.	Consider bank as the first choice to buy insurance services	92	23.5	173	44.2	78	19.9	-	-	47	12.0
5.	Comfortable with the direct debit to the insurance premium payment detected by the customer account.	94	24.0	157	40.2	-	-	-	-	139	35.5
6.	Buy more number of insurance products through banks in the next few years.	97	24.8	159	40.7	76	19.4	58	14.8	-	-
7.	Purchase insurance products through banks by Tele Calls	79	20.2	69	17.6	195	49.9	23	5.9	24	6.1
8.	Do not buy other insurance company providing more attractive policies	139	35.5	128	32.7	-	-	45	11.5	78	19.9
9.	Continue to do insurance purchase from Current Bank, if Competitors offers more attractive premiums payments.	145	37.1	18	4.6	75	19.2	85	21.7	67	17.1
10.	Do not buy other competitor insurance companies' policies ,if They receive low service charge for their insurance transactions.	94	24.0	66	16.9	206	52.7	24	6.1	-	-

According to the data in table, out of the 390 respondents, The average score of 3.46 puts you in the top spot, encouraging others to engage in additional insurance transactions for banks exclusively. If you have an issue with your current bank's insurance services and their mean score is below 3.30, you might consider switching to a different bank. Third place goes to the convenience of direct debit for payment of insurance premiums, with a mean score of (2.83) as identified by customer accounts. Keeping your insurance purchases with

your existing bank (mean score of 2.77) puts you in the fourth position. A mean score of (2.77), which represents "saying positive things about purchasing insurance through current banks," places you in the fifth position. Average customer complaints rank 6 with a mean score of (2.75), and Telephonic purchases average out to a 2.60 ranking, putting them in the middle of the pack. The average score is 2.55 for when the problem is discussed with those outside the organization. Do not be tempted by the low pricing of competing insurance providers. gets a median grade of 2.47, With a mean score of 2.43, satisfied customers are glad to stay with their existing insurer. advocate for the existing financial institution (2.41), Insurance plans from other firms with a low service fee (2.41), however, should be avoided. Think about the bank first while looking for insurance (2.33), and think about staying with the same bank for your policy renewal (2.28). The seventh to sixteenth most common actions include increasing the number of insurance policies held with the same bank over the following several years (2.24), encouraging friends and family members (2.17), recommending others (2.15), and problem sharing with other competing banks (1.81).

CONCLUSION

The Indian insurance industry is well established and growing quickly. Customers who use the bancassurance distribution channel to buy insurance will get two types of support. That is to say, support from financial institutions and safety net providers alike. When it comes to customer service, bancassurance has more opportunity to grow. In order to keep up with crucial information technology, the ever-changing lifestyles and trends of their customers, and the expectation of high-quality service, public and private sector banks need to design novel product mix strategies and apply appropriate marketing strategies and concepts to capture substantial market share in the banking industry's bancassurance services. It creates income for the financial institution by pleasing the organization's ideal clients and fostering customer loyalty among those clients. India's insurance market is ripe for the taking by bancassurance. Insurance companies should modify their wares for sale via banking channels. There is a bright future for the marketing and selling of bancassurance products by both public and private sector financial institutions, since certain banks are enjoying extremely high rates of insurance income growth. The results of the research show that bancassurance is gaining ground throughout the entire Indian market.

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