BANCASSURANCE: A STUDY ON THE PERCEPTION OF CUSTOMERS

Dr Gayathri S Nair

Assistant Professor, PG Department of Commerce, All Saints' College,

Thiruvananthapuram, Kerala.

Abstract

Banc assurance means the coalition between a bank an insurance company and a bank wherein, insurance company is offered a scaffold by the bank to advance its products and services. Banks can increase their fee based income from insurance distribution. This would help to lower operating expenses. Providing insurance to the existing customers of a bank is more easy than providing insurance to unknown persons. The specific objectives of the study include analysing the factors that motivate the customers to purchase insurance policy from bank and analysing the satisfaction level of customers towards services offered in banc assurance. Both primary and secondary sources of data were used for the present study. Primary data is collected from the 100 customers who have taken insurance policies from different banks. Convenience sampling was used for selecting the samples for the study. Most of the customers purchased general insurance from banc assurance. Monetary benefits are considered as the main motive of the bank to adopt banc assurance. Customers expect one stop place for all financial needs. No customer is highly dissatisfied with the premium amount and behaviour of staff.

Keywords: Banc assurance, Factors, Satisfaction, Type of policy, Reasons

Introduction

Rapid development is occurring in banking and insurance industry in the changing environment. In the time of innovations in technology, changes in international financial markets, banking company and insurance industry has expanded its activities to non banking activities. This has resulted into a combination of two different financial institutions that put together their potentials to produce new methods for selling their products and services. This gave birth to the concept Banc assurance, where banking and insurance industry join together. Banc assurance means the coalition between a bank an insurance company and a bank wherein, insurance company is offered a scaffold by the bank to advance its products and services.

In India, a notification has been issued by the Government under Banking Regulation Act in 2000 which allowed the banks to undertake insurance business. The Insurance Regulatory and Development Authority has passed Corporate Agency Regulations which states that, banks can act as a vehicle for one life and one non-life insurer. Any bank who wishes start insurance business required a prior approval from the Reserve Bank of India.SBI Life Insurance Company, SBI General Insurance, Birla Sun Life, HDFC Standard Life, HDFC Ergo General Insurance, Kotak Life Insurance, ING Vysya Life Insurance, Aviva, Met life are the main players in banc assurance. Banks can increase their fee based income from insurance distribution. This would help to lower operating expenses. Providing insurance to the existing customers of a bank is more easy than providing insurance to unknown persons.

Objectives of the study

The specific objectives of the study include:

1. Analyse the factors that motivate the customers to purchase insurance policy from banks.
2. Analyse the satisfaction level of customers towards services offered in banc assurance.

Hypotheses of the study

1. There is no significant difference in the level of agreement towards the factors between customers on the basis of age.
2. There is no significant difference in the level of agreement towards the factors between customers on the basis of occupation.
3. There is no significant difference in the level of satisfaction towards the services from banc assurance between customers on the basis of age.

1

4. There is no significant difference in the level of satisfaction towards the benefits from banc assurance between customers on the basis of occupation.

Research Methodology

The present study is an attempt to study the perception of customers towards banc assurance in Thiruvananthapuram district.

1. Data Collection

Both primary data and secondary data are used for the present study. Primary study is collected from the customers who have take insurance policies from different banks. A well structured questionnaire is used to collect primary data from the respondents. Along with the primary data, secondary data is also collected from different articles, journals, published and unpublished reports and websites.

2. Sample for the study

The population constitutes the customers who have purchased insurance policies from banks in Thiruvananthapuram district. The researcher has used convenience sampling for selecting the samples for the study. The number of samples selected for the study is 100. The criteria age and occupation are selected on the basis of judgement.

3. Tools for analysis

The primary data collected from the community were tabulated analyzed and interpreted using the statistical package SPSS. The tools used were Percentage, Chi square test and multiple response tests.

Review of Literature

Neelamegam & Pushpa Veni (2008) in their study Banc assurance- an emerging concept in India stated that even though the concept is comparatively new to the country, it has shown success in the initial phase which depicts that banks would become an important agent for insurance products and services. Banks has to ensure better relationship with the customers for the success of banc assurance and the regulatory bodies have to give permission to the banks to have tie up with more insurance companies. An attractive incentive system and efficient traning to the bank employees can remove the resistance from their part if any. The study concluded that banc assurance would be beneficial for all the parties involved in it. Liaqat & Pooja (2013) in their study customer perception of banc assurance: a survey pointed out that customers were aware of banc assurance and were ready to adopt this. The reason for purchasing insurance policy through banks include easy payment of premium, proper and timely information about policy details, behaviour of staff. But the customers have a feeling that two bosses cannot serve and are reluctant for depending banks as intermediaries. The banks and insurance companies has to work on the attitude of customers and upgrade upon the factors that attract the customers to consider bank as a one stop place for all financial needs.

Deepalakshmi & Kavyaa (2019) in the study policy holder's perception on banc assurance: an analytical study concluded that customers were aware of banc assurance as a mode through which insurance policies could be purchased and were ready to accept this as a medium to purchase polices. The respondents were interested to purchase the insurance policy frm the same bank which they have an account. The existing relation with the bank was considered as the main reason for adopting banc assurance. The other reasons include bank reputation and the quality of service offered by the bank. Satya & Suneela (2019) in the study awareness and prefernces of banc assurance in Inidastated that banc assurance became an important tool and is changing the insurance and banking industry. Banks have to be more competitive to withstand the innovative package and service. Insurance customers have knowledge of banks, but customers in rural semi urban area were not having awareness.

Customers want one stop service for all their financial needs at a single place. Banks and insurance companies should provide training to employees and conduct campaigns and other services to increase the satisfaction of customers. Narsis (2022) in the study Exploratory Factor Analysis on Banc assurance Attributes pointed that banks were trying to retain their customers now a days, since they became an important part of their business.

Only by providing efficient and customised services to the customers, the banks could improve their banc assurance income. The concerned bodies must analyse the values offered through banc assurance and offer changes in the products and services according to the needs and wants of the customers.

Analysis and Interpretation

Table 1 Demographic profile of customers

Variable		No	Percent
Age	Upto 25 years	31	31
	26-50	47	47
	Above 50 years	22	22
Occupation	Public sector	34	34
	Private sector	43	43
	Self employed	23	23

Source: Primary data

The table shows the demographic profile of customers. It is observed that majority of the respondent's falls under the age category 26-50 years (47 percent) and were working in private sector (43 percent).

Type of policy

Different types are offered through banc assurances which include life and general insurance. The following table the type of policy purchased by customers through banc assurance

Table 2 Type of policy

Type of policy	No	Percent
Life insurance	42	42
General insurance	58	58
Total	100	100

Source: Primary data

Most of the customers have purchased general insurance like health, motor, fire insurance through banc assurance.

Reasons for adopting Banc assurance

The opinion of the customers regarding why banks have adopted banc assurance has been analysed. Different customers have different views about starting insurance business by banks.

Table 3 Reasons for adopting banc assurance

Reasons	Responses		Percent of cases
	No	Percent	
Severe competition from other banks	55	13.3	55
Monetary benefits	70	16.9	70
Increase the efficiency and productivity of employees	41	8.9	41
Change in the investment preferences of customers	64	15.5	64
For providing absolute solution to the customers	56	13.6	56
To improve customer loyalty	64	15.5	64
To maintain proper relationship between client and banks	63	15.3	63
Total	413	100	413

Source: Primary data

The above table shows the need for which banks enter into banc assurance. Majority of the respondents considered monetary benefits (16.9 percent) as the main reason out of which 70 percent are fully agreeing this need followed by change in the investment preferences of customers and to improve customer loyalty (15.5 percent). From banc assurance, banks can generate risk free income which includes the commission from the insurance company. Through the banc assurance, banks can provide products other their products. Providing various services will strengthen their relationship with customers and thereby retention level can be improved. Investment preferences of customers are changing from investment in mere deposits to investment in different profitable avenues. Only 8.9 percent considered increased the efficiency and productivity of employees as the purpose for which banks enter into banc assurance.

Factors influenced to take insurance policy from banks

Various factors influence the customers to purchase insurance policy from banks and is different for different customers. The identified factors complete solution, convenience trust, complete financial service sunder one roof, easy renewal and claim settlement, advice of experts and less processing time.

Table 4 Factors influenced to take insurance policy from banks

Factors	Mean	Standard deviation
Get a complete solution and not just a product	1.3400	0.47610
Get a great deal of convenience	1.4900	0.50242
Always trust their banks for services	1.3500	0.47937
Get financial services under one roof	1.6300	0.48524
Get the advice of experts	1.5149	0.50227
Easy renewal of policies	1.5800	0.49604
Easy access to claim	1.4000	0.49237
Can purchase policies with less processing time	1.5400	0.50091

Source: Primary data

The mean scores for these variables are above 1, showing support to these statements. The customers have showed strongest support to the benefit – get a complete solution and not just a product (Mean: 1.3400, SD: 0.47610). Customers expect one stop place for all their financial needs. Banks provide insurance solution as per the requirements of the customers. From the analysis, it was found that customers always trust their banks for services (Mean: 1.3500, SD: 0.47937). So, they does not hesitate to purchase insurance products from banks

Hypothesis 1

There is no significant difference in level of agreement towards the factors between customers on the basis of age.

Table 5 Level of agreement of customers towards factors on the basis of Age

Age	Not agree		Partially agree		Fully agree		Total	
	No	Percent	No	Percent	No	Percent	No	Percent
Up to 25	6	6	12	12	13	13	31	31
26-50 years	4	4	24	24	19	19	47	47
Above 50 years	8	8	7	7	7	7	22	22
Total	18	18	43	43	39	39	100	100

Source: Primary data

Table 6 Chi square test showing level of agreement of customers towards factors on the basis of Age

Chi square	16.643
Df	6
Sig.	0.011

Source: Primary data

From the analysis, it was found that in the age category up to 25 years, most of the customers fully agree with the factors for adopting banc assurance whereas most of the customers between 26 and 50 years partially agree with the factors. In the case of customers above 50 years not agree with the factors of adopting banc assurance.

Table 6 shows that chi square value is 16.643, degree of freedom is 3 and level of significance is 0.011. There exists significant difference in the level of agreement towards factors between customers of different age groups as the significance vale is less than 0.05.

Hypothesis 2

There is no significant difference in level of agreement towards the factors between customers on the basis of occupation.

Table 7 Level of agreement of customers towards factors on the basis of Occupation

Occupation	Not agree		Partially agree		Fully agree		Total	
	No	Percent	No	Percent	No	Percent	No	Percent
Public sector	2	2	11	11	21	21	34	34
Private sector	14	14	21	21	8	8	43	43
Self employed	2	2	11	11	10	10	23	23
Total	18	18	43	43	39	39	100	100

Source: Primary data

Table 8 Chi square test showing level of agreement of customers towards factors on the basis of Occupation

Chi square	26.599
Df	6
Sig.	0.000

Source: Primary data

Most of the customers in private sector and self-employed partially agree the factors. Customers who are working in public sector fully agree the factors for adopting banc assurance.

Table 8 shows that chi square value is 26.599, degree of freedom is 6 and lvel of significance is 0.000, As the significance level is less than 0.05, there exists significant difference in the level of agreement towards factors between customers who are working in public sector, private sector and self employed.

Satisfaction level of customers towards benefits of banc assurance

It is important to analyse the satisfaction level of customers because only a satisfied customer continue to avail the services of banc assurance. Five point scale is used to measure satisfaction where 1- highly dissatisfied, 4- dissatisfied, 3- neutral, 2- satisfied and 5- highly satisfied.

Table 9 Satisfaction level of customers towards benefits of banc assurance

Benefits	Highly dissatisfied		Dissatisfied		Neutral		Satisfied		Highly Satisfied	
	No	Percent	No	Percent	No	Percent	No	Percent	No	Percent
Premium amount	-	-	14	14	51	51	34	34	1	1
Behaviour of staff	-	-	1	1	58	58	33	33	8	8
Detailing of policy matters	3	3	8	8	27	27	35	35	27	27
Proper intimation of payments	2	2	4	4	49	49	37	37	8	8
Facilities offered against policy	4	4	11	11	55	55	24	24	6	6
Claim settlement	7	7	23	23	33	33	21	21	16	16
Giving updated information	12	12	7	7	43	43	27	27	11	11

Source: Primary data

The table shows the satisfaction level of customers towards benefits of banc assurance. Majority of the customers were neither satisfied nor dissatisfied with almost all the benefits. In the case of detailing of policy matters, most of the customers were satisfied. No customer is highly dissatisfied with the premium amount and behaviour of staff.

Hypothesis 3

There is no significant difference in level of satisfaction towards the benefits from banc assurance between customers on the basis of age.

Table 10 Satisfaction level of customers towards benefits of banc assurance on the basis of age

Age	Highly dissatisfied		Dissatisfied		Neutral		Satisfied		Highly Satisfied	
	No	Percent	No	Percent	No	Percent	No	Percent	No	Percent
Upto 25 years	3	3	1	1	4	4	17	17	6	6
26-50 years	3	3	4	4	15	15	10	10	15	15
Above 50 years	1	1	3	3	11	11	6	6	1	1
Total	7	7	8	8	30	30	33	33	22	22

Source: Primary data

Table 11 Chi square test showing satisfaction level of customers towards benefits from banc assurance on the basis of Age

Chi square	20.218
Df	8
Sig	0.010

Source: Primary data

Majority of the customers in the age group up to 25 years were satisfied with benefits of banc assurance where customers in the age group between 26 and 50 years were neutral and highly satisfied with the benefits. The customers who were above 50 years were neither satisfied nor dissatisfied with the benefits from banc assurance.

Table 11 shows that chi square value is 20.218, degree of freedom is 8 and level of significance is 0.010 As the significance level is less than 0.05, there exists significant difference in the satisfaction level towards benefits between customers in different age groups.

Hypothesis 4

Table 12 Satisfaction level of customers towards benefits of bancassurance on the basis of occupation

Occupation	Highly dissatisfied		Dissatisfied		Neutral		Satisfied		Highly Satisfied	
	No	Percent	No	Percent	No	Percent	No	Percent	No	Percent
Public sector	1	1	3	3	3	3	12	12	15	15
Private sector	5	5	4	4	19	19	11	11	4	4
Self employed	1	1	1	1	8	8	10	10	3	3
Total	7	7	8	8	30	30	33	33	22	22

Source: Primary data

Table 13 Chi square test showing satisfaction level of customers towards benefits from banc assurance on the basis of occupation

Chi square	24.079
Df	8
Sig	0.002

Source: Primary data

Most of the customers in public sector were highly satisfied with the benefits and in private sector, majority were neither satisfied nor dissatisfied. Self employed customers were satisfied with the benefits from banc assurance.

Table 13 shows that chi square value is 24.079, degree of freedom is 8 and level of significance is 0.002. As the significance level is less than 0.05, there exists significant difference in the satisfaction level towards benefits between customers in public sector, private sector and self employed.

Findings

1. Most of the customers have purchased general insurance through banc assurance.
2. Majority of the respondents considered monetary benefits as the main reason for adopting banc assurance by banks.
3. Customers expect one stop place for all their financial needs and they always trust their bank for services.
4. There exists significant difference in the level of agreement towards factors between customers of different age groups
5. There exists significant difference in the level of agreement towards factors between customers who are working in public sector, private sector and self employed.
6. Majority of the customers were neither satisfied nor dissatisfied with almost all the benefits
7. No customer is highly dissatisfied with the premium amount and behaviour of staff.
8. There exists significant difference in the satisfaction level towards benefits between customers in different age groups.
9. There exists significant difference in the satisfaction level towards benefits between customers in public sector, private sector and self employed.

Suggestions

1. Introduce new attractive schemes to gain the attention of customers.
2. Spread the information of banc assurance to all customers of a bank.
3. Banks should give training to staff, so that they can provide consultancy services to customers regarding insurance policies.

Conclusion

Most of the customers purchased general insurance from banc assurance. Monetary benefits are considered as the main motive of the bank to adopt banc assurance. Customers expect one stop place for all financial needs. No customer is highly dissatisfied with the premium amount and behaviour of staff. There exists significant difference in the level of agreement towards factors between customers of different age groups and occupation. There exists significant difference in the satisfaction level towards benefits between customers in different age groups and occupation.

Reference

• Neelamegam,R., & Pushpa Veni,K. (2008). Banc assurance- an emerging concept in India. Retrieved from https: //www. in surance instituteofindia. com /downloads /Forms/III/Journal -2008/Journal08_%20pg49-54_banc.pdf
• Liaqat Ali., & PoojaChatley.(2013). Customer perception of banc assurance: a survey. European Journal of Business and Management,5(22),34-46
• Deepalakshmi,M.,& Kavyaa, K.(2019). Policyholders perception on banc assurance: an analytical study. Iconic Research and Engineering Journals,2(8),114-118
• Satya Kumar., & SuneelaBharathi,P.(2019). Awareness and preferences of bancassurance in India. International Journal of Recent Technology and Engineering,8(4),4469-4474
• Narsis,I. (2022). Exploratory Factor Analysis on Banc assurance Attributes. International Journal of Management and Humanities,9(1),12-18