CHAPTER 5

FINDINGS
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5.1 Findings from Research Work

Findings from Bank’s analysis

1. Income generated from life insurance business of banks like Canara Bank, Corporation Bank, Bank of Baroda, Dena Bank, IDBI Bank and SBI PNB has increased significantly. Whereas, insurance income from Indian Bank, and OBC showed a fluctuating growth trend.

2. Revenue from bancassurance business of PNB, SBI bank shows a very successful and a stable growth trend as compared to the other banks. Banks such as Canara and OBC has shown a restrained but constant growth in all subsequent years.

3. Whereas, insurance income from Corporation Bank, Bank of Baroda and IDBI Bank showed a mutable growth trend. The worst affected performance in the general insurance business has been of SBI which has shown a constant loss from their inception.

4. There is a opportunity of progress in future which is directed by the total insurance income of banks like Corporation Bank, PNB Bank, IDBI, and SBI. So in future, bancassurance can be a significant product to earn the income.

5. As Growth rate of advances of selected banks were calculated, SBI and Andra Bank were growing high where as PNB and Canara Bank’s growth rate is very low.

6. In case of net interest income IDBI and Bank of Baroda were positively high rather Andhra bank is reducing its interest income.
7. Growth rate of the Income derived from its Total Insurance Business of the selected Banks were growing well, IDBI is in top position while Dena Bank is reducing with 1%.

Findings from employee’s analysis

1. From the findings of this study majority of the respondents were aged between 28 and 37 years and their level of education were graduates and postgraduate. None of the respondents indicated that they were undergraduates, diploma holders, college certificate and ordinary level. This shows that the positions in these banks were accorded according to the level of education attained. The study also realized that majority of the respondents had a working experience of between 1 and 10 years. This shows that the respondents had the required information about bancassurance.

2. The factors influencing the introduction of bancassurance include; increase in market share, supplementing core business, customers getting related services under one roof and effectiveness and efficiency in operations.

3. The benefits of bancassurance were found to be; increased sales, increased market share, outreach to strategic customers and improvement of operations. The risks associated with bancassurance are; operational inefficiency, resistance from customers, incurring loss and core business. The study also revealed that bancassurance was important in the banks growth.

4. From the findings of the study bank customers had liked bancassurance and majority of them liked it so much. The study realized that potential growth was a prospect of bancassurance and that much need to be done to get the bancassurance working. Bancassurance remains a side business for banks and its critical for insurance penetration.

5. Income as a factor affecting market penetration of products was agreed with a mean of 3.1 and a standard deviation of 0.994, banking sector development was agreed with a mean of 3.2 and a standard deviation of 1.229, social
security system was agreed with a mean of 3.1 and a standard deviation of 3.1 and a standard deviation of 1.297, income distribution was agreed with a mean of 2.9 and a standard deviation of 1.197 while inflation was agreed with a mean of 3.3 and a standard deviation of 0.948. As per above results all these factors giving moderate support to bancassurance.

6. Majority of the respondents indicated that they sold 1000 to 3000 policies per year. The respondents also indicated that the business should be embraced fully to realize long term benefits of increased penetration levels.

7. Reasons banks have for distributing Insurance, factor chi square value was 5.955 and degree of freedom was 8 and sig. value was 0.428, which all represents that bankers responses for the ‘Giving information and advice according to customers' factor shows significant level. In short all the statements of this factor are significantly Reasons banks have for distributing Insurance today to the customer.

8. For ‘Important are the following ways of enhancing customer experience & loyalty in Bancassurance’ factor chi square value was 13.03 and degree of freedom was 8 and sig. value was 0.111, which mean p > 0.05, this represents that bankers responses for the ‘Important are the following ways of enhancing customer experience & loyalty in Bancassurance’ factor shows significance, which means hypothesis is accepted by this factor.

9. The mean values and standard deviation were of factor ‘Purposes that banks seek to attain from bancassurance’ (4.01, .659) and chi square value was 7.869 and degree of freedom was 8 and sig. value was 0.096, According to the table, it could be observed that for all the factors mean score value is more than 3 and tends to 4 which represent the great extent of acceptance from the bankers for all the statements.

10. Results reveled that mean values and standard deviation were of factor ‘Long term drivers of Bancassurance with respect to their impact on the future growth of Bancassurance’ (4.26, .691) and chi square value was 10.478 and degree of freedom was 8 and sig. value was 0.233, According to the table it
could be observed that for all the factors mean score value is more than 3 and tends to 4 which represent the great extent of acceptance from the bankers for above statement.

11. The findings of factor analysis shown that all the seven factors of ‘Important is foreign insurance company partnership with banks’ were strongly correlated to factor 3 and a change any of them would influence a change in factor 3 except only one variable Researcher.e. ‘standardized insurance products to suit banking needs’.

12. From the table 21 above, the correlation between all factors of Overall impact of Bancassurance .657, which shown highly correlation between factors.

13. Results shown that average responses for awareness and selling the bancassurance are such as urban– 31/35, semi urban– 29/35, and rural – 17/30, respectively. Results showing that awareness about the bancassurance at the different location were good. The most of respondents were know about the bancassurance all most aware because their bank is dealing in bancassurance.

14. As results shown in the factors analysis, made them to sold an insurance policies in the bank and they referred to the customers rather than the insurance companies. As results shown that customers were on the top priorities not the profits of the bank they were giving the support to the bank and the bancassurance because most of the employees felt that the commotions/ fee structure is complicated in insurance companies, and they didn’t provide any other facilities except tax benefits to their customers which could be provided by the banks. And many employees also felt that banks formalities were easy to fulfill by the customers because database of the customer is already available. And obviously banks though that when employees were willing to avail one service from bank can be interest in another service too.
Findings from Customer's analysis

1. The respondents emphasized on Trust, Personal relationship and Convenience as the main reasons for buying the insurance products from banks instead of Insurance Agents.

2. 86% out of the sample were aware of the fact that their bank sells Insurance Products. It was reported that the published marketing material (89%) and advertisement (Media-83%) available within the branch are the two main information sources for these customers.

3. Analyzing customer attitudes to two different distribution channels was calculated by getting the mean of various statements on Likert Scale. Among the given statements, bankers have been rated as better experts than to Insurance Agents. The trust level is again better in Bankers than in Insurance Agents. Further it has been observed that customer's attitude towards Insurance Agents is low as compare to Bankers.

4. In the present scenario Bancassurance has become not only the part of providing insurance services to the customers but also along with that reaching at their full satisfaction level; as customer is the focus point of marketing strategy which begins with customers and with customers. Thus all the banks are striving hard to provide their best of the services. And for this purpose bankers must well understand the psychological mind set of the customers and prepare them accordingly.

5. 66% out of the sample were in the favor of the fact that Customer Attitudes to Insurance Agents and Bank Employees. It was reported that the Easy claim settlement process (68%) and Distribution cost is low in case of banks (71%) are the two main causes for Customer Attitudes to Insurance Agents and Bank Employees.

6. 76% out of the sample were in the favor of the fact that Key factors for the successful sale of insurance policies through a banking network. It was reported that the Proper training to Bank Employees (79%), Attitude of Bank
Staff (74%) and Database Management (75%) are the three main causes for Key factors for the successful sale of insurance policies through a banking network.

7. 74% out of the sample were in the favor of the fact that Factors that build a strong relationship with Customers. It was reported that the Wide range of Products and Schemes (77%), Wide range of Products and Schemes (71%) and Easy Accessibility (78%) are the three main causes for Key factors for the successful sale of insurance policies through a banking network.

8. Results shown that mean and standard deviation for Factors that build a strong relationship with Customers are such as urban - (3.75, .969), semi urban- (3.66, .979), and rural – (3.75, .944), respectively. Results showing that relationship with Customers at the different location were good.

9. Results shown that mean and standard deviation for Factors that Pitfalls (weaknesses) of Bancassurance have impact on you are such as urban - (2.55, 1.271), semi urban- (2.48, .948), and rural – (2.57, .948), respectively. Results showing that weaknesses with of Bancassurance have impact on you at the different location were very low because due to likert score average should be 3, results are less than 3 that reflect less pitfalls.

10. Results shown that mean and standard deviation for Factors that Suggestions: in order to implement the Bancassurance model in our country which amendments are necessary are such as urban - (4.11, .750), semi urban- (4.87, .850), and rural – (4.08, .966), respectively. Results showing that implement the Bancassurance model in our country which amendments were respectable.

11. Results shown that mean and standard deviation for Evaluate the performance are such as urban - (4.12, .734), semi urban- (4.85, .839), and rural – (3.74, .864), respectively. Results showing that performance of banks and employees were admired.

12. Results shown that average responses for Sources of Information about the Provision of Insurance Products by Banks are such as urban– 134/140, semi
urban – 124/143, and rural – 45/117, respectively. Results showing that Sources of Information about the Provision of Insurance Products by Banks at the different location were respectable. The most of respondents were known about the bancassurance all most have information about their bank.

13. Results shown that average responses for Insurance Policy Tied with the Products are such as urban – 137/140, semi urban – 139/143, and rural – 115/117, respectively. Results showing that awareness about the bancassurance at the different location were amazing. The most of respondents were happy about all most Insurance Policy Tied with the Products in their bank; bank is dealing in bancassurance.

14. Results shown that average responses for Drawbacks of insurance companies pave your way towards bancassurance are such as urban – 89/140, semi urban – 57/143, and rural – 43/117, respectively. Results showing that very few people thought there is any drawbacks of the bancassurance.

5.2 Conclusion

Therefore, researcher can conclude that bancassurance is still in its beginning stage and gradually it is gaining credit in the market. Insurance companies are using banks to sell their products because of the wide network of the banks. As bank is an instrument for insurance companies for earning income, insurance companies are taking a huge portion from the earnings of the banks for their business. Growing rate of insurance income is remarkable in some of the banks so there is very good scope for further expansion in the selling of bancassurance products by the banks in the lengthy term. Hence, it is too early to judge its latent today. RESEARCHER have covered some of the public banks only; private banks, co-operative and foreign banks are not covered under this study. There is definitely scope for further study on bancassurance in co-operative and foreign sector banks. Moreover, researcher have started this study from the year 2009 to 2015 and that too covering only ten selected banks. Therefore there is possibility of further study.
In short it can be believed that, a lot of findings could be generated from this study. A pith of information could be provoked from this attention, though many constraints and difficulties were faced, but having had just a simple idea about banc assurance, a detailed research in this topic helped to find how important bancassurance can be for bank's employees, insurers and customers also. Since many researches and dissemination of banc assurance have selected these areas, this study provided a complete and illustrative data which is very challenging and prospects for future research. Researcher was satisfied that all objectives of her research have been met to its completest.

Researcher strongly feel that though banc assurance is not being utilized to its final destination, it surely has a bright future as well as scope for doing business in insurance. India is at the edge of a significant change in the method of insurance is observed in India. Banc assurance will positively play a significant role in insurance industry as an alternative distribution channel and will transform the way insurance is sold in the country.

With large scale of uncovered market, insurance sector is likely to watch a lot of activity such as product innovation and distribution channel and off course marketing mix with consumer awareness. Bancassurance, is not only the developing distribution channel for the insurers, but also will have a great influence on Indian financial services sector. Old and traditional methods of distributing financial services would be very tough, challenged and less innovative, rather recent development is in the form of customized products; which is in the practice. Banks have a huge volume of customer database, and customers' financial profile which influence their name recognition and reputation at both local and regional levels, personal contact with their customers, which helps new entrant cannot, make use of the as they are new to the industry. In customer point of view, an overabundance of products would be available to them. More personalized products would come into presence and that too all within a hands reach.

But progressively banks have anticipated risks regarding distribution supposing full responsibility. But the suitable application of bancassurance will be still facing some problems such as, poor HR, law rate of sales within the banks, disinterest of branch
manager, inadequate product promotion, managerial database management, inadequate incentives, and negative attitude towards insurance and many more. In order to get the full benefit of it the following steps should be taken:-

i) Service delivery instrument should reinforce by banks.

ii) Knowledge of target customer needs and proper database should establish by bank.

iii) Wide and high quality training should be provided by banks.

iv) Policies and schemes should be consistent with the banks and vision should be communicated.

v) Bank's database system should be more flexible as well as shared too.

So observing the progress of bancassurance is gaining world-wide acceptance progressively. The time is change and here it should be come to position of the company for the up-coming years of insurance product distribution through new way such as the strategic partnership of banks and insurance companies. Banks/insurance companies and traditional financial management companies are joining towards a model of global retail financial association offering a wide range of products creating a one stop-shop where loans, savings, incomes, pensions and insurance products etc. will be available. At the end Achievement of the bancassurance will be depend on how well employees and banks understand each other's businesses and snatch the chances presented, tidying out differences that will likely to crop up.

In short' we can conclude:-

- Bancassurance is in its early stages of development means it's new and untried but the prospective is certain.
- Early age of uncertain blocks means there is clarity of legislation.
- All the issues related to bancassurance already discussed will potentially make development high.
- Selection of the right policy to right people model is more practical approach than sale the insurance by hook and crock.
- Right product selection with good sales approach will be critical feature for growth
• Achievement likely to come more easily with the strategic alliances of other companies and good relationship with shareholders as well as customers.

• Customers' awareness should be increased

• Someone said “Lots of issues but lots of opportunities” and Learn from others mistakes and achievements

• CSFs use of ‘right’ technology, ‘right’ target and ‘right’ implementation.

• Costumers’ awareness and education of the banking and insurance.

• Bank success shows that a developing market that it can be despite lack of sales culture, regulation, incentives.

In the point of the view of researcher’s that bancassurance is the next step forward in the evolution of the financial services. Banks and insurers will joining to form one-stop financial services center via the complete incorporation of their existing supply networks, with the customers and prospective customers. This merging calls for bancassurers (banker+ insurer) to adopt a more proper methodology, for selling insurance product to a customer. An obligation to the bancassurance is the best way that must be complemented by changes in strategy, and to include a wide variety of tactics and practices, administrative crescendos and technology to achieve the much mentioned objectives of bancassurance. Lastly, the business model should also take into interpretation the controlling and economic situation of the developing markets as each one has its exclusive and essential.

It is very true that, energetic for bancassurance to ensure that banks remain fully dedicated to promoting, encouraging and distributing insurance products. This dedication is proved that it has to come from both senior-management in terms of strategic efforts and the operations people (employees) who would be provided the space and efforts for their products. There would be costs related with setting up of a effective bancassurance system. The proper training of bank employees and to understand the polices and schemes and market insurance schemes is vital to the accomplishment of these undertakings. There is also a need to invest in IT sector and other support systems such as loan home loanes etc. that would provide an integrated help for banking and insurance services. Meanwhile, controlling issues need to be addressed expansively and fixed out. In India the bancassurance model is still in its
developing phases, but the marvelous progress and appropriateness in the last years that reflects good growth in future. The diffusion level of life insurance in the Indian market is horribly low at 2.3% of GDP with only 8% of the total population presently assured.

Figure 5.1: Model for Effectiveness of Bancassurance from this research

5.3 The limitation can be enlisted as here under

2. Information collected from various information from different sources such as magazines and websites should be Reliable and constance.
3. Big amount of respondent are there who do not express their true feelings. In such care their habit, preference, practice, and many more cannot be assessed correctly.

4. The preparation level of the respondents.

5. All can provide but some of the respondents refuse to give their important information.

5.4 Bancassurance: Future outlook and Recommendations:

The position for bancassurance which explained its positiveness. While development in customer markets will continue to depend deeply on each country’s monitoring and business environment, bancassurers could profit from the tendency of governments to privatize health care and pension liabilities and many more. In emerging markets, new entrants will have successfully employed bancassurance to compete with compulsory companies. Given the current comparatively low bancassurance perception in emerging markets, bancassurance will likely see further important development in the future. Researcher mentioned following for maintainable and comprehensive growth in bancassurance.

a. Bancassurance to Banc-sec-urance: A step towards Universal Banking

Securities business seems an involuntary extension lead to banks and insurance as well. And the incorporation will be a step further towards worldwide banking and would leverage the productivities developed by alliance of banks and insurance companies. It will be for customers who want to get a one-stop shop for all financial products. So the banks should transform themselves to a healthy individual. This will have to be combined with the internet banking and other IT infrastructure, for e.g. customers should be able to pay insurance premium, margin money on security operation via the net-banking facility and the ATM network.

b. Involvement of Co-operative banks:

Insurance industry had very low penetration rate in India. The market and scope in rural India was huge and largely untapped. The insurance companies should actively try to involve co-operative and regional rural banks between their potential alliances.
along with the big and multinational banks. These co-operative banks will have larger reach in villages of rural India and will also operate at economic cost.

c. **Minimize conflicts of interest between the bank and the insurer:**
A formal and standard agreement between these banks and the insurance companies should be taken up and drafted by a national regulatory form. These arrangements must will have necessary articles of income sharing. In case of possible clashes in terms and conditions, the bank management and the management of the insurance company should be able to resolve conflicts amicably. If they were not solved, there can be apex body set up by IRDA to solve these types of issues. This could be done by

- Setting up distribution actions dependable with the labor-intensive systems in most banks.
- Launching and forming reliable service deliver agreements among the bank and the insurer.

d. **Involvement of senior bank management and skill development at the operating level at bank branches:**
The bancassurance agreements should be taken up at the uppermost management level. Such strategic actions require the top management support not only during the decision phase but also at the time of execution. Their active contribution in the process was very much necessary for the success of such creativities. The employee base that would be cooperating with the insurance customers should also be properly trained in order to equip themselves with the skills required in selling insurance produces. The bank employees would not be aware of these selling skills of bancassurance; if they are provided by proper training, results will be incredible.

e. **Bancassurance and pension sector:**
Pension sector was at the edge of being liberalized. Once this sector was decontrolled, banks would get the dual benefits of managing these pension money and the chance to sell mainly health insurance products to their pension holder customers. Low cost of collecting pension influences was the key element in the success of emerging the pension sector. Money transfer costs in Indian banking were low by international
standards. Portability of pension accounts was a vital requirement which banks can fulfill in a credible framework.

f. **Focus on Group insurance schemes:**
Considering the behavior of the Indian customers, group insurance was the way to go about. As joint accounts or individual accounts of families were very projecting, we will have to sell these insurance products to these members of the family as a group.

g. **Targeting frequent travelers (travel insurance):**
In India, though some of the airlines will have travel insurance, this is again a new prospect for bancassurance regarding frequent travelers. As frequent travelers were targeted by these airlines by giving discount charges (tickets), banks can sell them travel insurance at some low rate premiums. This would be extra returns to the insurance company as sound.

h. **Tie-ups with residential complex builders (householder's insurance):**
House loans and householder's insurance can be linked with the bancassurance. Banks will have great exposures in home loans. Now as far as the customers are aware and concerned what they would prefer householder's insurance also as a bundle beside with the house loans. The collection of premiums would also not be a problem for the banker. Normally these customers give post-dated cheques. Therefore premiums can also be collected in the similar fashion. Some concessions to the customers can be given like extension of payment period etc.

i. **National level healthcare programme:**
Banks are playing a major role in developing a viable healthcare industry in India. Very few people will have access to healthcare facilities and insurance. There is a great demand for healthcare products which banks can allocate. Banks would be the best way to distribute health insurance plans and create awareness to customers. And also the Government of India is also planning for commission leverage for bancassurance concept that to launch a nationwide healthcare program very soon.