

Awareness & Preferences of Bancassurance in India



K.V.R. Satya Kumar, P. Suneela Bharathi

Abstract: Bancassurance offers insurance products through financial institutions that square the representatives for customers that has numerous sorts supported the sociology, economic and legislative environment of the country wherever sociology climate shows the sort of insurance products, the economic climate will illustrate the trend leads to High earnings, market share, etc., and legislative climate can decide the boundary at intervals that bancassurance should operate. Awareness about our financial products in india is very low and compare to our financial inclusion percentage is very low with comparing to other countries. Bancassurance is service offering by banks and insurance service providers jointly and if the customers are not having the awareness it's not possible to offer more services to the customers. This Paper focus on the level of consumers Awareness on Bancassurance and what factors are influencing to purchase the insurance product through Bancassurance Service. And analyze their responses through statistical tools and offering the suggestions which are boosting the bancassurance services in India.

Keywords: Awareness, Bancassurance, Economic, Legislative, Sociology.

I. INTRODUCTION

Bancassurance is additionally called as banc insurance model. Bancassurance may be a mutual agreement between the banks and insurance companies wherever the banks enable insurer to sell its products to their shoppers that provides advantages to each bank and Insurance Corporation. Bank would increase its revenue and insurer will enlarge its shopper bases. Bank increases its revenue by selling its monetary products along with the Insurance Products & services of an insurance service providers.

Insurance Companies will increase its customer base because it ties up with range of banks wherever it uses the banks client information that ultimately ends up in increase within the customers. Insurance company uses banks Customized channels to sell its products through bank professionals wherever the employees of banks square

measure inspired and trained by the insurer towards offering the insurance products

Definitions:

“Bancassurance will be outlined because the combination of security and banking at intervals a monetary atmosphere.”

“Bancassurance suggests that providing insurance services through banks that square measure useful for development of society.”

“Bancassurance is the Combination of banks and insurance services for the sales of varied insurance products.”

“Bancassurance may be a partnership contract between a banks and insurance service providers whereby insurance product square measure sold to the shoppers through banks client base.”

II. REVIEW OF LITERATURE

Raj Kumari (2007) [1] found that that awareness about insurance was remarkably growing among the people but many of them were not insured because of several reasons. People purchased insurance policies for income tax benefits and savings and they did not have any idea about Centurion bank providing insurance facility.

Ray and Ali (2008) [2] found that people preferred life insurance as an attractive investment option because it provided the benefits of tax savings, coverage of risks against accident or death, post retirement requirements and alike. The customers expected that insurance service provider should give statement, payment of premium, innovative products and switching of funds. Besides, the customers preferred e-mail, phone call and SMS in urban areas.

Ashok Kumar Sahoo (2017) Bancassurance business of private sector bank is at the infant stage, as it is not producing much revenue for the banks. The performance of bancassurance income in South India private banks also not satisfactory. There is a need of changes in private sector banks to frame such policies and products which could increase their bancassurance income. Such programmes need to be organized in a systematic manner, which would make the customer aware about the bancassurance products of the banks. [3]

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Rebeena Alavudeen and Dr. Sr. Rosa K.D(2015) The insurance industry in India has been progressing at a rapid speed since the inception of this sector. There is a bright future for bancassurance in the Indian insurance market. Growth rate of insurance income is remarkable in some of the banks so there is very good scope for further development in the selling of bancassurance products by the banks in the long run [4]

A. Muthumari, Dr.K. Pushpaveni (2017) Banks have to upgrade and constantly think of new innovative customized packages and services to remain competitive. The study finds that the bank customers are satisfied with the loyalty services provided by the bank to their customer. It means that customers expect the bank to rectify the problem and to update the banking services in bancassurance products. For improving customer service loyalty services, the customers are satisfied with the bank in future. [5]

III. METHODOLOGY OF THE STUDY

The study is based on both primary and secondary data as well. The Study follows the Descriptive Research Design The primary data is collected through a well- designed structured questionnaire and discussions with the Insurance & Bank customers. Samples of 500 respondents were identified randomly and through Simple Random sampling technique the questionnaire was filled by the respondents. Secondary data is collected from various publications, Journals, official websites of IRDA.

IV. OBJECTIVES OF THE STUDY

- To Analyze the Socio-Economic Profiles of the Customers and their awareness of Bancassurance services in India.
- To evaluate the Factors influencing the Purchase of Insurance plans through Bancassurance

V. LIMITATIONS OF THE STUDY

- The study is limited to Hyderabad city & Telangana State
- The study is limited to the Bank and Insurance Customers in Selected Region
- The Study is limited to Bancassurance Services Exclusively to Insurance Services

VI. HYPOTHESIS

- 1 H0: There is no significant difference between socio-economic characteristics of customers and awareness about insurance plans.
- 2 H0: There is no significant difference between socio-economic characteristics of customers and factors affecting purchase of insurance plans

VII. DATA ANALYSIS & INTERPRETATIONS

[4]Rebeena Alavudeen and Dr. Sr. Rosa K.D” Growing Role of Bancassurance in Banking Sector” Bonfring International Journal of Industrial Engineering and Management Science, Vol. 5, No. 2, June 2015
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Table No. I Gender-Wise Distribution of Customers

Sl. No.	Gender	Number of Customers	Percentage
1.	Male	294	58.80
2.	Female	206	41.20
	Total		100.00

Source: Primary Data

The results show that about 58.80 per cent of customers are males, while, the rest of 41.20 per cent of customers of Bancassurance services are females. It is inferred that the majority of customers Bancassurance services are males.

Table No. II Age Group of Customers

Sl. No.	Age Group	Number of Customers	Percentage
1.	21 – 30 years	142	28.40
2.	31 – 40 years	138	27.60
3.	41 – 50 years	110	22.00
4.	51 – 60 years	77	15.40
5.	Above 60 years	33	6.60
	Total		100.00

Source: Primary Data

The results indicate that about 28.40 per cent of customers of Bancassurance services belong to the age group of 21 – 30 years followed by 31 – 40 years (27.60 per cent), 41 – 50 years (22.00 per cent), 51 – 60 years (15.40 per cent) and above 60 years (6.60 per cent). It reveals that the most of customers belong to the age group of 21 – 30 years.

Table No. III Educational Qualification of Customers

Sl. No.	Educational Qualification	Number of Customers	Percentage
1.	Upto Secondary	90	18.00
2.	Higher Secondary	97	19.40
3.	Diploma	43	8.60
4.	Graduation	120	24.00
5.	Post-Graduation	150	30.00
	Total		100.00

Source: Primary Data

It is clear that about 30.00 per cent of customers Bancassurance services are educated up to post graduation followed by graduation (24.00 per cent), higher secondary (19.40 per cent), upto secondary (18.00 per cent) and diploma (8.60 per cent). It is inferred that the majority of customers Bancassurance services are post graduates.

Table No. IV Occupation of Customers

Sl. No.	Occupation	Number of Customers	Percent age
1.	Own Business	160	32.00
2.	Government Sector	105	21.00
3.	Private Sector	158	31.60
4.	Self Employed	59	11.80
5.	Retired	18	3.60
	Total		100.00

Source: Primary Data

It is observed that about 32.00 per cent of customers Bancassurance services are doing own business followed by private sector (31.60 per cent), Government sector (21.00 per cent), self-employed (11.80 per cent) and retired (3.60 per cent). It reveals that the most of customers Bancassurance services are doing own business.

Table No. V Monthly Income of Customers

Sl. No.	Monthly Income	Number of Customers	Percentage
1.	Up to Rs. 10000	71	14.20
2.	Rs.1000 1– Rs.20000	138	27.60
3.	Rs.2000 1– Rs.30000	122	24.40
4.	Rs.3000 1– Rs.40000	94	18.80
5.	Rs.4000 1– Rs.50000	46	9.20
6.	Above Rs.50000	29	5.80
	Total		100.00

Source: Primary Data

The results show that about 27.60 per cent of customers of insurance products and services belong to the monthly income group of Rs.10001– Rs.20000 followed by Rs.20001– Rs.30000(24.40 per cent), Rs.30001– Rs.40000(18.80 per cent), up to Rs. 10000(14.20 per cent), Rs.40001– Rs.50000(9.20 per cent) and above Rs.50000(5.80 per cent). It reveals that the most of customers of insurance products and services belong to the monthly income group of Rs.10001– Rs.20000

Table No. VI Marital Status of Customers

Sl. No.	Marital Status	Number of Customers	Percentage
1.	Married	370	74.00
2.	Unmarried	130	26.00
	Total	500	100.00

Source: Primary Data

The results indicate that about 74.00 per cent of customers Bancassurance services are married, while, the rest of 26.00 per cent of customers unmarried. It is inferred that the majority of customers Bancassurance services are married.

Table No. VII Residential Area of Customers

Sl. No.	Residential Area	Number of Customers	Percentage
1.	Urban	182	36.40
2.	Semi-Urban	254	50.80
3.	Sub-Urban	64	12.80
	Total	500	100.00

Source: Primary Data

It is observed that about 50.80 per cent of customers Bancassurance services are residing in semi-urban area followed by urban area (36.40 per cent) and sub-urban area (12.80 per cent). It is inferred that the majority of customers Bancassurance services are residing in semi-urban area.

Table No. VIII Customer’s Awareness about Insurance Services Through Bancassurance

Sl. No.	Customer’s Awareness about Bancassurance Services	Mean	S.D
1.	I aware about Life Insurance through Bancassurance	4.04	0.45
2.	I aware about Medical Insurance	4.70	0.11

	through Bancassurance		
3.	I aware about Term Plans through Bancassurance	4.17	0.47
4.	I aware about General Insurance through Bancassurance	4.68	0.21
5.	I aware about Motor Insurance through Bancassurance	4.18	0.54
6.	I aware about Property Insurance through Bancassurance	4.63	0.17
7.	I aware about Unit Linked Insurance Plan through Bancassurance	3.93	0.68

Source: Primary Data

The results show that the customers are strongly agreed with they aware Life Insurance, Medical Insurance and Term Plans, while, they are agreed with they aware General Insurance, Motor Insurance, Property Insurance and Unit Linked Insurance Plan.

Table No. IX Level Awareness about Bancassurance

Sl. No.	Level of Awareness about Insurance Plans	Number of Customers	Percentage
1.	Low	78	15.60
2.	Medium	188	37.60
3.	High	234	46.80
	Total	500	100.00

Source: Primary Data

The results indicate that about 46.80 per cent of customers perceived that the level of awareness about insurance plans at high level followed by medium level (37.60 per cent) and low level (15.60 per cent).

Table No. X Gender and Awareness about Bancassurance

Sl. No.	Gender	Level of Awareness about Bancassurance Services			Total
		Low	Medium	High	
1.	Male	51 (17.35)	113 (38.43)	130 (44.22)	294 (58.80)
2.	Female	27 (13.11)	75 (36.41)	104 (50.48)	206 (41.20)
	Total	78 (15.60)	188 (37.60)	234 (46.80)	500 (100.00)

Source: Primary Data The figures in the parentheses are per cent to total

Table No. XI Gender and Awareness about Bancassurance - ANOVA

Source	SS	Degrees of Freedom	MS	F	Sig
Between Groups	10.227	2	10.227	2.818	.094
Within Groups	1806.995	498	3.629		
Total	1817.222	500			

Source: Primary Data

The F- value of 2.818 is not statistically significant indicating that there is no significant difference between gender of customers and awareness about insurance plans. Hence, the null hypothesis of there is no significant difference between gender of customers and awareness about Bancassurance is accepted.

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Table No. XII Educational Qualification and Awareness about Bancassurance

Sl. No.	Education Qualification	Level of Awareness about Bancassurance Services			Total
		Low	Medium	High	
1.	Upto Secondary	3 (3.33)	33 (36.67)	54 (60.00)	90 (18.00)
2.	Higher Secondary	9 (9.28)	41 (42.27)	47 (48.45)	97 (19.40)
3.	Diploma	10 (23.26)	16 (37.21)	17 (39.53)	43 (8.60)
4.	Graduation	28 (23.33)	42 (35.00)	50 (41.67)	120 (24.00)
5.	Post Graduation	28 (18.67)	56 (37.33)	66 (44.00)	150 (30.00)
	Total	78 (15.60)	188 (37.60)	234 (46.80)	500 (100.00)

Source: Primary Data The figures in the parentheses are per cent to total

Table No. XIII Educational Qualification and Awareness about Bancassurance – ANOVA

Source	SS	Degrees of Freedom	MS	F	Sig
Between Groups	103.570	5	25.893	7.479	.000
Within Groups	1713.652	495	3.462		
Total	1817.222	500			

Source: Primary Data

The F- value of 7.479 is significant at one per cent level indicating that there is significant difference between educational qualification of customers and awareness about insurance plans. Hence, the null hypothesis of there is no significant difference between educational qualification of customers and awareness about Bancassurance is rejected.

Table NO. XIV Occupation and Awareness about Bancassurance Services

Sl. No.	Occupation	Level of Awareness about Bancassurance			Total
		Low	Medium	High	
1.	Own Business	24 (15.00)	66 (41.25)	70 (43.75)	160 (32.00)
2.	Government Sector	14 (13.33)	42 (40.00)	49 (46.67)	105 (21.00)
3.	Private Sector	28 (17.72)	58 (36.71)	72 (45.57)	158 (31.60)
4.	Self Employed	11 (18.65)	17 (28.81)	31 (52.54)	59 (11.80)
5.	Retired	1 (5.55)	5 (27.78)	12 (66.67)	18 (3.60)
	Total	78 (15.60)	188 (37.60)	234 (46.80)	500 (100.00)

Source: Primary Data The figures in the parentheses are per cent to total

Table NO. XV Occupation and Awareness about Bancassurance - ANOVA

Source	SS	Degrees of Freedom	MS	F	Sig
Between Groups	64.053	6	12.811	3.610	.003
Within Groups	1753.169	494	3.549		
Total	1817.222	500			

Between Groups	23.038	5	5.760	1.589	.176
Within Groups	1794.184	495	3.625		
Total	1817.222	500			

Source: Primary Data

The F- value of 0.176 is not statistically significant indicating that there is no significant difference between occupation of customers and awareness about insurance plans. Hence, the null hypothesis of there is no significant difference between occupation of customers and awareness about insurance plans is accepted

Table. No. XVI Monthly Income and Awareness about Insurance Plans

Sl. No.	Monthly Income	Level of Awareness about Bancassurance Services			Total
		Low	Medium	High	
1.	Up to Rs. 10000	4 (5.63)	23 (32.40)	44 (61.97)	71 (14.20)
2.	Rs.10001 – Rs.20000	17 (12.32)	58 (42.03)	63 (45.65)	138 (27.60)
3.	Rs.20001 – Rs.30000	26 (21.31)	44 (36.07)	52 (42.62)	122 (24.40)
4.	Rs.30001 – Rs.40000	13 (13.83)	38 (40.43)	43 (45.74)	94 (18.80)
5.	Rs.40001 – Rs.50000	11 (23.91)	18 (39.13)	17 (36.96)	46 (9.20)
6.	Above Rs.50000	7 (24.14)	7 (24.14)	15 (51.72)	29 (5.80)
	Total	78 (15.60)	188 (37.60)	234 (46.80)	500 (100.00)

Source: Primary Data The figures in the parentheses are per cent to total

Table No. XVII Monthly Income and Awareness about Bancassurance - ANOVA

Source	SS	Degrees of Freedom	MS	F	Sig
Between Groups	64.053	6	12.811	3.610	.003
Within Groups	1753.169	494	3.549		
Total	1817.222	500			

Source: Primary Data

The F- value of 3.610 is significant at one per cent level indicating that there is significant difference between monthly income of customers and awareness about insurance plans. Hence, the null hypothesis of there is no significant difference between monthly income of customers and awareness about insurance plans is rejected.

Table No. XVIII Factors Affecting Purchase of Insurance Plans Through Bancassurance

Factor	Item	Rotated Factor Loadings	Eigen Value	% of Variations	Factor Name
I	WidenetworkofBranches	.83	11.98	36.71	Benefits
	Customer service	.69			
	Rural Penetration	.61			

	Turn around Times	.84			
	Trust on Services	.88			
	Protection	.79			
	Easy Operations	.87			
	Corporate Clients	.79			
	Convenience	.76			
	Bank Counter Relations	.60			
	Safety of the scheme	.82			
II	Risk coverage	.87	2.87	23.02	Coverage
	Credit Protection	.56			
	Off Sale Products	.73			
	Group Products	.83			
	Convenience	.71			
	Recommendations	.87			
	One Stop Services	.62			
III	Effective Financial Plans	.55	1.03	12.45	Status
	Company's reputation	.58			
	Social status	.56			
	Transparency	.57			
	Cumulative % of Variation			72.18	
	Cronbach's Alpha				0.93

Source: Primary Data

Analysis

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Rotation converged in 8 iterations.

From the results, it is inferred that out of 22 variables, 11 variables have their high, relatively tightly grouped factor loadings on factor-I, II, III

The Cronbach's alpha of the scale is 0.93 indicating that each measure demonstrated acceptable internal consistency. It is inferred that benefits, coverage and status are factors affecting Purchase of Insurance Policies through Bancassurance.

- The results reveal that about 58.80 per cent of customers Bancassurance services are males and about 28.40 per cent of customers Bancassurance services belong to the age group of 21 – 30 years. The results indicate that about 30.00 per cent of customers Bancassurance services are educated up to post graduation and about 32.00 per cent of customers Bancassurance services are doing own business.
- The results show that about 29.00 per cent of customers Bancassurance services have work experience of more than 12 years and about 27.60 per cent of customers Bancassurance services belong to the monthly income group of Rs.10001– Rs.20000.
- The results indicate that about 74.00 per cent of customers Bancassurance services are married and about 75.00 per cent of customers Bancassurance services belong to the nuclear family and about 50.80 per cent of customers Bancassurance services are residing in semi-urban area.

VII. SUGGESTIONS

- Banking and insurance sectors have to create awareness among the people about the insurance, its products and their benefits through various sources.
- Insurance companies have to increase its tie up's with banks which can increase their network and also sales.

- Many people who reside in rural and semi-urban areas are not aware of Bancassurance so insurance companies and Banks have to arrange some awareness programmes in those areas to make them understand the benefits about Bancassurance.
- Many people are not willing to take insurance policies through Bancassurance because they give more importance for traditional services.
- Not only public sector banks even if private sector banks give services to the life insurance policies the people will come forward to purchase the policies which can increase the revenue for both banking and insurance sector.

VIII.CONCLUSION

From this research it can be concluded that, Bancassurance has become a necessary survival weapon and is fundamentally changing the banking industry and Insurance Industry in India. Banks have to upgrade and constantly think of new innovative customized packages and services to remain competitive. The study finds that the bank and Insurance customers are having awareness about Bancassurance services in India but Still in some rural and semi urban areas people are not having awareness about this service. Customers are expecting more services from financial institutions like One -Stop Services for all their financial Needs in one place. For improving customer satisfaction Banks and Insurance Services should provide more awareness Camps and Train the employees professionally and offer prominent services to increase growth and development of our Indian economy customers are satisfied with the bank in future.

SCOPE OF FURTHER RESEARCH

The present research study has focused on Awareness and Preferences of Customers about Bancassurance Services and to understand the customers and factors towards purchasing insurance plans. this study is confined to life insurance products only, there is a scope to conduct further research on non-life insurance products also. This study is restricted to the opinions of the respondents in Telangana state only. So, there is a scope to conduct research on the same topic on other states also.

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