

**A STUDY ON FUNCTIONAL SYNERGY CREATED BY THE
INTEGRATION OF BANKING AND INSURANCE SECTORS**



**Thesis submitted to Kuvempu University in fulfillment of
requirement for the award of Degree of**

**DOCTOR OF PHILOSOPHY
IN
COMMERCE**

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DECLARATION

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ABBREVIATIONS

AG	Aktiengesellschaft
AHP	Analytical Hierarchy Process
AIG	American International Group
ATM	Automated Teller Machine
CAMEL	Capital Adequacy, Asset Quality, Management, Earnings and Liquidity
CAR	Capital Adequacy Ratio
CBE	Central Bank of Egypt
df	Degree of Freedom
FIPB	Foreign Investment Promotion Board
GDP	Gross Domestic Product
HDFC	Housing Development Finance Corporation Limited
HSBC	Hong Kong and Shanghai Banking Corporation Bank
ICICI	Industrial Credit and Investment Cooperation of India
IFSP	Integrated Financial Service Providers
IRDA	Insurance and Regulatory Authority of India
IT	Information Technology
LIC	Life Insurance Corporation of India
MCDM	Multi-Criteria Decision Making
N	Number of observations
NBFC	Non-Banking Financial Company
NGOs	Non Government Organizations
NIAC	The New India Assurance Company Limited

NIC	National Insurance Company Limited
NII	Non Interest Income
NPA	Non Performing Asset
NRI	Non Resident Indian
OBC	Oriental Bank of Commerce
OIC	The Oriental Insurance Company Limited
POS	Point of Sale
PSU	Public Sector Undertakings
r value	Correlation value
RBI	Reserve Bank of India
ROA	Returns on Asset
ROE	Returns on Equity
SBI	State Bank of India
SBIGC	SBI General Insurance Company Limited
sig.	Significance
SMS	Short Message Service
SWOT	Strength, Weakness, Opportunities and Threats
UK	United Kingdom
US	United States
USA	United States of America
X ²	Chi-Square

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CHAPTER 1

INTRODUCTION AND RESEARCH DESIGN

1.1 INTRODUCTION

The Insurance and the Banking industries have developed recently in a challenging and changing environment all over the world. The Indian Banking sector has changed from traditionally brick and mortar infrastructure, staffed branch to a system supplemented by the other channels like ATM, Credit/Debit cards, internet banking, online money transfer etc. Due to the globalization of the financial market, development of new technologies and universalization of the Banking system, today bank as a financial institution is providing not only banking facilities but also non-banking facilities like insurance, the insurance industry has globally brought new channel of distribution.

This has resulted into new form of business known as bancassurance. It is a process where bank tie-up with an insurance company and bank sells the tied-up insurance company products to the bank's customers. The insurance penetration and insurance density is low in India. Individual agents cannot cover the whole segment, insurance company suffers from the drawbacks of wide geographical coverage, trained staff, and hence the bank has a role to play.

The Indian Banking system has a wide geographical area coverage it can be used to distribute the insurance products to the common man along with other banking products under one roof - one stop shopping for financial products. The concept of bancassurance is new to India but it is widely used in the developed countries. In India bancassurance is guided by the Insurance and Regulatory Authority of India (IRDA) Act 1999 and Reserve Bank of India (RBI). Banks have to meet specific obligations to get into bancassurance business.

Bancassurance is a new concept in India. It started in the year 2000. The concept of Bancassurance originated in India when the government issued a notification under Banking Regulation Act which allowed Indian banks to do insurance distribution. But, it started picking-up after Insurance Regulatory and Development Authority (IRDA) passed a notification in October 2002 on “Corporate Agency Regulation”.

According to the guidelines defined by Corporate Agency, banks can act as an agent of one life and one non life insurer. Under this tie up banks are allowed to sell insurance products to their customers. Banks with their widely spread network, sound infrastructure, existing customer base, can easily manage to convert customers to policyholders. Thus bank can earn a huge revenue apart from their business.¹

Bancassurance was started in France. Bancassurance encompasses terms such as ‘Allfinanz’(in German), ‘Integrated Financial Services’ and ‘Assure Banking’.² It is successful in Europe, Italy, Belgium, Luxemburg. Bancassurance was not popular in USA as Steagall Act, 1933 prevented banks of USA from entering into alliance with financial service providers, therefore putting a ban on bancassurance. With US government repealing the act, and after the passage of Gramm-Leach Bliley Act, 1999, the concept of bancassurance started gaining momentum in USA also.³

Its growth differs from one country to another due to various reasons in different countries. It was a controversial issue in many countries as many critics is of the belief that it would give banking sector too much control over the financial service markets, but many countries have already started accepting it and seen a growth in this sector.

¹ Ajaydeep Singh Brar and Satinder Singh (2016), Bancassurance: A study in relation to total income and branch network of private sector banks in India, Journal of Business and Management, Special Issue – AETM’16, e-ISSN: 2278-487X, P-ISSN:2319-7668, pp. 43 – 47.

² Bhavana Sharma and Ruchika Bhateja (2016), Bancassurance in India – Promising distribution network of insurance industry, Pacific Business Review International, Vol. 9, Issue 3, pp. 89 – 95.

³ Rajashekar and T. Hymavathi Kumari (2014), Bancassurance in India – A SWOT analysis, International Journal of Business Administration Research Review, Vol. 1, Issue 5, pp. 227 – 234.

India is a huge populated country, has a savings rate of 23 percentage of the domestic household's savings, with the bank constitute more than 50 percentage, it provides an opportunity to the insurance company to use banking platform. The saving pattern of the customers have been shifted from deposit to investment in mutual fund, insurance, shares and in other investment alternatives. Banks with expertise in understanding the financial needs and saving patterns of the customers, many foreign insurers are partnering with banks as well as with non-banking financial corporation to leverage their experience, branch network, brand name, customized Products, customers' acquaintances. Meanwhile it also benefits the banks as they earn a risk-free return termed as 'fee income' for selling insurance products to the customers. Even the customers are also benefitted by getting all financial products under one roof 'one stop shopping' or financial mall for the financial products. The coming together of these two financial sectors create synergies both in operation and in the development of this concept. The following study is undertaken to analyze the growth of bancassurance, challenges in bancassurance practices, changes after the bancassurance implementation and synergy creation after bancassurance implementation.

1.2 CONCEPTUAL DEFINITIONS

The important terminologies which are used in the study are defined as under:

Assess: It refers to determine the customer's attitude, their awareness and bank customer's practice with respect to bancassurance and it is measured usually through questionnaire, attitude scale and practice check list.

Bank: A bank is a financial institution which accepts the deposit of money from the public for the purpose of lending in the future.

Assurance: Assurance refers to financial coverage that provides remuneration for an event that is certain to happen.

Bancassurance: Bancassurance is a process of selling the insurance products through bank branches. Bank and insurance company tie-up in this process, where in bank sells the tied-up insurance company products to its customers.

Bank Customers: A bank customer is a person who have an account in a particular bank and who uses one or more banking services and through whom the bank gets an opportunity to earn return for their service.

Synergy: The integration or co-operation of banking and insurance sector to produce a combined effect which is usually greater than the sum of their separate effects.

Functionl Synergy: The potential financial benefit achieved through the combining of companies is called as functional synergy.

Integratation: It is a process where in bank and insurance company, combine to provide a financial service.

Inclusion: It refers to providing various financial services under a single roof.

Fee Income: It is risk free revenue, earned by the bank from the bancassurance business

Insurance: It is a process by which two parties known as the insurer and the insured enters into a contract, where one party called as insurer undertakes to compensate the loss of the insured person in return for a premium.

Retain: Restricting the shifting of customers from one bank to another bank.

1.3 CONCEPT OF BANCASSURANCE

The term “Bancassurance” is a combination of two words, “bank and insurance”, which implies selling of insurance products through a bank’s network to the banking customers. It is also known by various terms such as “All finanz”, “Assure banking”, “Integrated Financial Services”. It describes a package of financial services that fulfill both banking and insurance needs at the same time.

1.3.1 Bancassurance in India

The beginning of Bancassurance was first started on December 28th 2000, with the announcement of a joint venture between State Bank of India and Cardiff. SBI had a long plan to become a universal banking, with a view to provide both banking, insurance and security. SBI was the first bank to enter into insurance. Even the regulators had said that banks would not be allowed to hold more than 50 percent of an insurance company, SBI was allowed by regulators to do so with a promise to reduce its share. After the entry of SBI, a number of other insurance companies also declared their willingness to join hands with bank for insurance business.

1.3.2 Bancassurance Products

- a) **Financial and Repayment products:** A financial institution which usually grants loans or credit to any individual is also concerned with the event of early death or permanent disability of the borrower of loan or credit, in case the outstanding loan or credit amount may not be recoverable.
 - i) **Credit insurance:** It can be offered in the cases where a loan is granted to the customer and serves as additional security for the bank while providing protection to the customer's property in case of his death prior to the repayment of loan.
 - ii) **Overdraft Insurance:** Usually bank offers this facility to its customers. In this case an automatic credit is given to the customer upto a pre-determined amount. Usually in case of salaried customers overdraft amount is two or three times their monthly salary.
 - iii) **Capital repayment:** Usually for loans offered for educational, mortgage, personal or business reasons a repayment scheme is possible through an insurance policy.
- b) **Depositors' products:** This type of protection is usually for the funds held in financial institutions or other depository institutions.

- i) **Depositor's insurance:** This benefit is mainly designed to attract the public to deposit their savings with a particular bank.
 - ii) **Objective achievement insurance:** This policy is offered mainly to special deposit accounts where it's mandatory for a systematic deposit to reach a predetermined objective amount at maturity.
 - iii) **Pure investment products:** Products which have no "insurance" elements, and there is no element of risk is known as pure investment products.
- c) **Simple Standardized Packaged Products:** These are group policies and combine covers, usually which cost less to the customers, when they are purchased individually, sold at the counter by the bank employees and are usually uncomplicated in nature.
- d) **Other Products:** A further range of products and riders which the bancassurers want to offer to their clients include:
- i) **Whole life:** This type of Insurance policy is guaranteed to remain in force for the insured's entire life time, provided required premium are paid regularly, or to the maturity date.
 - ii) **Endowment:** In this type of insurance insurers offer payment of sum assured to the policy holder or to his nominee or assignee or legal heirs either at the end of the specified period or in case of the death of the assured before the specified period.
 - iii) **Unit-linked products:** Investors get both insurance and investment under a single integrated plan.
 - iv) **Term assurance products:** Life insurance policy that provides coverage at a fixed rate of payment for a fixed period of time, for the relevant term.

- v) **Accident and sickness products (PAS):** Individual personal Accident and Sickness), It is an annual policy which provides a compensation in the event of sickness, injuries, permanent disabilities or accidental death.
- vi) **Hospitalization products:** It is a plan that pay benefits to the policyholder, when the policyholder is confined to a hospital, whether for planned or unplanned reasons, or for other medical services depending on the policy.
- vii) **Pension products:** It is a retirement plan that offers the dual benefit of Insurance and investment coverage.

e) Riders (Additional benefits attached to the main basic policy)

- i) **Family income benefit:** This product is an additional product to a life insurance policy; it provides an amount of money which is equal to the policyholder's monthly income to the beneficiary of policyholder in case of death of the policy holder.
- ii) **Waiver-of- premium benefit:** It is a clause usually in the insurance policy that the insurance company will not ask the insured person to pay fee to maintain the insurance policy under certain condition in case of death, inability of the person to pay the insurance policy.
- iii) **Permanent total disability benefit:** This policy is designed to take off the financial pressure in case when policyholder suffers injury, illness that leaves him totally and permanently disabled.
- iv) **Income replacement benefit:** This benefit is usually paid during the time when the insured person suffers a substantial inability to perform the task of self-employment or unemployment.

1.3.3 Benefits of Bancassurance

The benefits that are enjoyed by different stakeholders are discussed as below:

Benefits of bancassurance towards bankers

- a) **To Bankers:** Bancassurance increases the productivity of the employees; from bankers' perspective it is a source of additional income; face to face customer's interaction increases the sale of insurance products, increases return on assets, it reduces the operating costs of the banker, helps in retention of customers, and helps to enter new line of business.
- b) **For Insurance Company:** From the insurance company perspective, bank with the wide network of branches can be used to distribute insurance products, easy availability of huge customers database, because of known customer, risk assessment is easy, it makes easy for insurance company to penetrate into insurance market.
- c) **For Customers:** From the customers point of view, bancassurance provides double assurance, high quality products are offered by the bank, availability of both banking and insurance products under one roof, convenience in payment, it will be easy for the customers to pay premium as well as renew their policy.

1.4 REASONS FOR BANKS GOING TOWARDS BANCASSURANCE

Following are the major reasons for going towards bancassurance which are discussed as below:

- a. **Wide Network of Branches:** Bank has a wide network of branches throughout the country which can be used to reach even the rural areas also. Insurance companies use bank branches as distribution channel to market insurance products.
- b. **Customers Database:** Banks have the account of both the corporate as well as the retail customers. These corporate as well as the retail customers database can be used to sell the insurance products throughout the country.

- c. **Cross Selling of the Products:** Financial integration has started in almost all the countries and India has also no exception to this. Cross selling refers to marketing of additional products to the existing customers. Banks along with the banking products they can sell insurance products to the bank customers through their wide bank branches which will help to cover the untapped and uninsured market.
- d. **Fee Based Services:** Bank earns fee-based income which is risk free and additional source of income for them by selling the insurance products to its customers. This fee based income helps to overcome from the competition.
- e. **A Rural Penetration:** Majority of the population in India is uninsured, insurance is not just a protection tool but it is also an investment option. It is difficult task to cover the entire rural population through insurance agents. Hence, bank branches in the rural areas provide opportunity for the insurance company to concentrate on the uninsured segment.

1.5 STATEMENT OF THE PROBLEM

Bancassurance has gained momentum at the global level. In India, this concept is of recent origin and gaining importance. India is a country with huge population. It has a low insurance density and insurance penetration. This provides a wide opportunity for the insurance sector. Traditionally insurance companies with agents were unable to cover the whole segment; it was in need of a new distribution channel which can reach even the remote areas and at the same time holds trust and credibility of the people. So, they opted bank as most trustworthy financial service institutions having wide geographical coverage and awareness of customer's financial needs; even banks also consider it as a viable option to gain risk free income. So insurance company collaborated with banks. This relationship of bank and insurance company is symbiotic but there are many challenges which banks have to undergo in its implementation, such as creating bancassurance awareness among customers, promotion of insurance products, improve sales culture, marketing strategy, and employee's resistance to change. Apart from challenges, banks get leverage on its administrative, marketing and

operational activities. It create benefits to bank such as increase in revenue, increase in assets, customer's retention, product diversification, and brand building reputation. Even by bancassurance, insurance companies can increase their insurance penetration and density. This leverage will create synergy to both the bancassurance partners. This study is undertaken to understand the motivational factor behind bancassurance implementation.

1.6 RESEARCH QUESTIONS

Following research questions are framed in order to carry out the research as under;

- (a) Whether through bancassurance, banks will be able to retain old customers and will create new customers or not?
- (b) What are the changes observed after the implementation of bancassurance in banks?
- (c) What are the problems realized by banks and their employees in functioning of bancassurance services?
- (d) How both the banks as well as the insurance companies create synergy in their functioning by using bancassurance channel?

1.7 OBJECTIVES OF THE STUDY

The primary objective of the study is to evaluate the functional synergy created by the integration of banking and insurance sectors in selected public sector banks. In addition to the primary objectives, the following supporting additional objectives are set to make the study more comprehensive as under:

- To examine the impact of operational and administrative elements on functioning relationship of bank and insurance company,
- To examine the impact of insufficient service, product inflexibility and bank employees' resistance in the functioning of bancassurance services,

- To identify the role of cost, product diversification and customer's retention in synergy creation by bank and insurance,
- To evaluate the influential factors like competition, professionalism among the staff, customers database, customers' acquaintance and geographical factor in inclusion of bancassurance by banks, and
- To evaluate the impact of training and other supporting elements of insurance company on bancassurance business.

1.8 SCOPE OF THE STUDY

This study is confined to the functional synergy created by the integration of banking and insurance sectors. The study is restricted to two public sector banks namely; State Bank of India and Canara bank of Shivamogga and Chikkamagaluru districts in Karnataka state and the insurance representatives from the concerned insurance companies. This study tries to assess the problems faced and benefits gained by the bank in the bancassurance implementation by considering the various motivational factors such as competition, professionalism among the staff, geographical coverage, customers database and acquaintance. It also tries to understand the intention / attitude of the insurance companies towards considering bank as an insurance partner by considering the factors such as technical, operational and to explore the role of training and other supporting facilities extended by insurance company to the banks to boost sales. The study has been conducted for the period from 2013-2019.

1.9 THEORETICAL FRAMEWORK AND HYPOTHESIS

The theoretical framework is based on motivational factor behind bancassurance, perceived benefit of bancassurance, problems faced by bank in functioning and selling of insurance products.

1.9.1 Motivational Factor

The various motivational factors behind bancassurance includes, competition from private and foreign banks, professionalism of the staff as a financial advisor, large

customers database of retail and corporate customers, customers face to face interaction, bank infrastructural facilities, wide network of branches.

1.9.2 Perceived Benefit from Bancassurance

The various perceived benefits from bancassurance includes cost synergy due to low promotional and administrative cost, financial synergy in the form of fee-based income and improved asset management, product diversification and brand image, optimization and enhanced productivity of bank and bank employees, less switching of customers and satisfaction through additional products.

1.9.3 Problems Realized by Bank in Functioning of Bancassurance

The various problems realized by bank in the functioning of bancassurance includes conflict of interest between bank and insurance staffs, low service of insurance company, inflexibility of products, employee's resistance to change.

1.9.4 Problems Realized by Bank in Selling of Insurance Products

Lack of trust in private insurance company, lack of networking between bank and insurance offices, absence of specialized person to sell complex products.

1.9.5 Changes After Bancassurance Implementation

Increase in number of bank customers, reduction in customer's complaint, cost synergy, leverage on administrative, operating and marketing cost.

1.9.6 Factors Considered in Targeting Bank as a Distribution Channel

There are various factors considered such as bank asset size, geographical location, insurance as a part of bank branch goal, good relationship with senior manager, bank customer's demographics.

1.9.7 Insurer as a Strategic Partner

There are various facilities extended by the insurance company to bank such as increase in marketing budget, funds to build models, continuous education training technical and operational support, incentives trips.

1.9.8 Operational and Administrative Element

Bank expertise in data management, integration of administrative process bank and insurance sales, training to bank staff, insurance products integration into bank's procedure and systems.

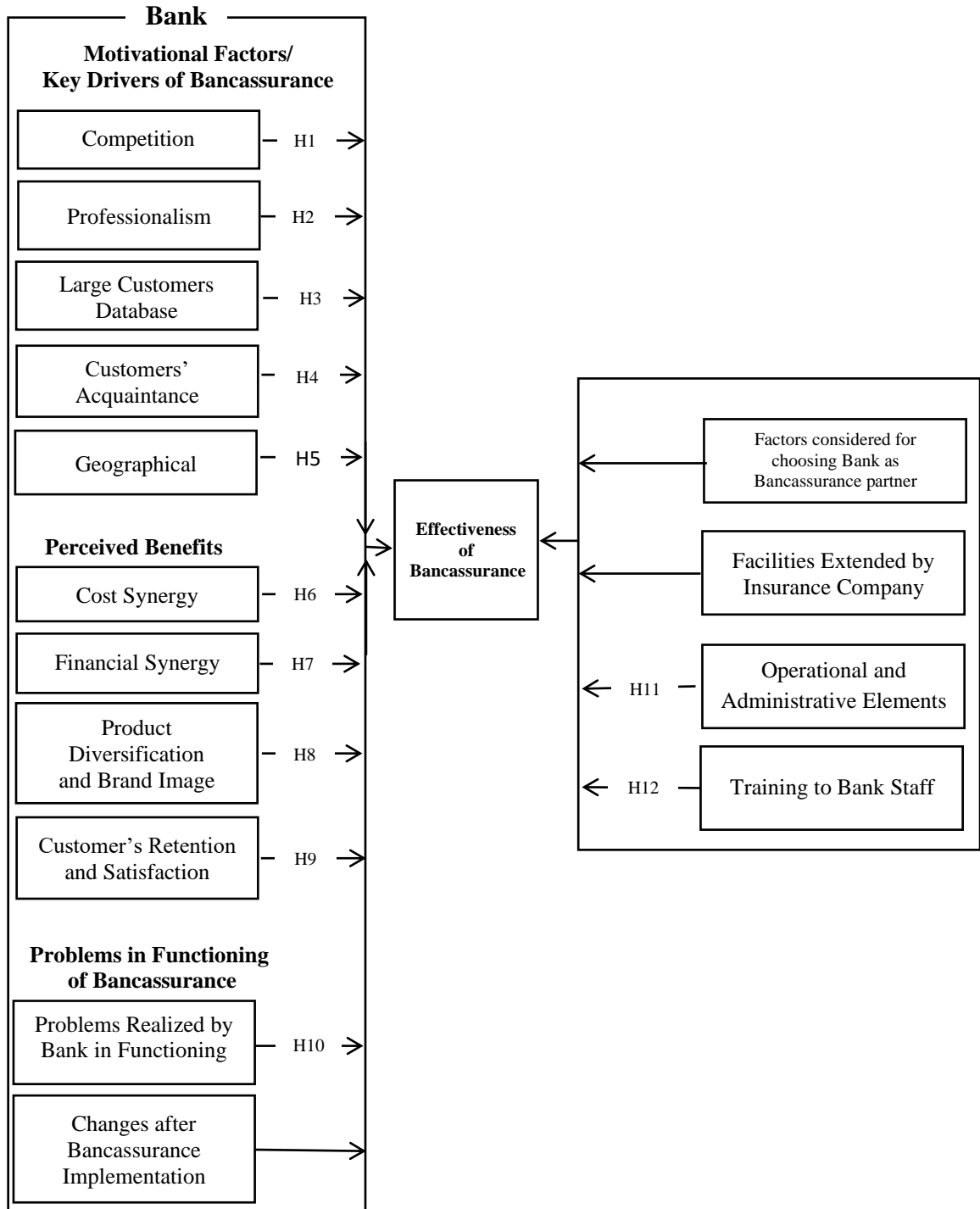
1.9.9 Training Facilities Provided by Insurance Company

There are various training facilities provided by insurance company to its bank partner such as advanced underwriting, back office, counseling for referral model, continuous education compliance and customer's service.

1.10 RESEARCH MODEL

Based on the theoretical framework, the research model has been developed for the study and is shown in the below diagram. The study tries to investigate the role of bancassurance in banking and insurance sectors. Five independent variables for motivational factors like competition, professionalism, large customers database, customers' acquaintance and geographical coverage have been considered in the study. For the perceived benefit, cost synergy, financial synergy, product diversification and brand image, customer's retention and satisfaction are considered as independent variables, seven dimensional constructed consisting of problems realized by banks in functioning, changes after bancassurance implementation, key factors considered by insurance company for selecting bank as bancassurance partner, facilities extended by insurance company, administrative and operative elements and training to bank employees are part of the model.

Chart No. 1.1: Schematic Diagram for Research Model



Source: Researcher Compilation

1.11 RESEARCH HYPOTHESIS

Twelve hypothesis have been formed based on the objectives and research model which are mentioned as below:

H ₀₁	Competition is an insignificant motivating factor in adopting bancassurance by the bank.
H _{a1}	Competition is a significant motivating factor in adopting bancassurance by the bank.
H ₀₂	Professionalism in the staff is an insignificant motivating factor in adopting bancassurance by the bank.
H _{a2}	Professionalism in the staff is a significant motivating factor in adopting bancassurance by the bank.
H ₀₃	Large customers database is an insignificant motivating factor in adopting bancassurance.
H _{a3}	Large customers database is a significant motivating factor in adopting bancassurance.
H ₀₄	Customers' acquaintance is an insignificant motivating factor in adopting bancassurance.
H _{a4}	Customers' acquaintance is a significant motivating factor in adopting bancassurance.
H ₀₅	Geographical factor is an insignificant motivating factor in adopting bancassurance by the bank.
H _{a5}	Geographical factor is a significant motivating factor in adopting bancassurance by the bank.
H ₀₆	Cost synergy has no positive impact on overall effectiveness of bancassurance practice.
H _{a6}	Cost synergy has positive impact on overall effectiveness of bancassurance practice.
H ₀₇	Financial synergy has no positive impact on overall effectiveness of bancassurance practice.
H _{a7}	Financial synergy has positive impact on overall effectiveness of bancassurance practice.

Ho ₈	Product diversification and brand image synergy have no positive impact on overall effectiveness of bancassurance practice.
Ha ₈	Product diversification and brand image synergy have positive impact on overall effectiveness of bancassurance practice.
Ho ₉	Customer's retention and customer's satisfaction synergy have no positive impact on overall effectiveness of bancassurance practice.
Ha ₉	Customer's retention and customer's satisfaction synergy have positive impact on overall effectiveness of bancassurance practice.
Ho ₁₀	There is no association between problems realized by bank in functioning of bancassurance services and effectiveness of bancassurance practice.
Ha ₁₀	There is an association between problems realized by bank in functioning of bancassurance services and effectiveness of bancassurance practice.
Ho ₁₁	There is no significant impact of operational and administrative functioning on effectiveness of bancassurance practice by the bank.
Ha ₁₁	There is a significant impact of operational and administrative functioning on effectiveness of bancassurance practice by the bank.
Ho ₁₂	There is no association between training services provided by insurance company and overall effectiveness of bancassurance practice by the bank partner.
Ha ₁₂	There is an association between training services provided by insurance company and overall effectiveness of bancassurance practice by the bank partner.

1.12 RESEARCH METHODOLOGY

Research methodology explains the flow of research. It is an important section of the study which particularly throws light on the study area followed with adoption of sampling procedure, data source, tools and techniques employed in data analysis and so on and all such aspects are discussed as below:

1.12.1 Research Design

Descriptive Research design has been employed for conducting the study.

1.12.2 Research Approach

Quantitative approach has been employed in the study. Descriptive and inferential analysis is used to describe the characteristics of population and testing the hypothesis respectively.

1.12.3 Sources of Data Collection

Primary Data: Two structured distinct questionnaires have been employed for collecting data from bank employees and insurance company representatives separately.

Secondary Data: Secondary data have been collected from business magazines, journals, business newspapers, books and further relevant materials collected from websites are used in the analysis.

1.12.4 Sample Size

All the branches of SBI and Canara bank which are operating in Shivamogga and Chikkamagaluru districts have been considered in the study.

Table 1.1: Data composition of bank officials

Sl. No.	Particulars	Public Sector Banks		
		SBI	Canara	Total
1	Shivamogga	41	61	102
2	Chikkamagaluru	34	46	80
	Overall	75	107	182

In Shivamogga and Chickmangalore districts, there are totally 75 branches of State Bank of India and 107 Canara Bank branches are operating. Responses of one official from each branch are considered in the study and at the same time, few bank branches are having an insurance representative at their counters. Hence, the responses of all such insurance representatives have been considered in the study.

Table 1.2: Insurance representatives

Sl. No.	Particulars	SBI	Canara	Total
1	Shivamogga	11	14	25
2	Chickmangalore	8	10	18
	Overall	19	24	43

1.12.5 Pilot Survey

A pilot survey is a small scale of data collection before the actual data is collected from respondents. The purpose of pilot survey is to ensure that whether the questionnaire is fully understood by the respondents or not. At the same time, it also identifies problems that may arise as well as to test its reliability and validity. In this research, a pilot test was conducted before the actual survey. Pilot survey acts as a tool to help researcher in identifying problems and makes necessary adjustment and amendment.

The pilot survey had a sample of 25 bank officials and 10 insurance company representatives from Shivamogga and Chikkamagaluru districts. Printed questionnaire was employed for the pilot survey.

1.12.6 Reliability Analysis using Cronbach's Alpha

The reliability describes whether “measuring instrument is reliable to the extent that independent administrations of the same instrument consistently yield similar results”. Reliability is also the proportion of the variation among score from one administration to another with respect to consistency in capturing response. Cronbach’s alpha is used to measure the reliability (internal consistency of a measure) and the value of Cronbach’s alpha should be greater than 0.70. In the study, the Cronbach’s Alpha Coefficient was used to assess the reliability of all the constructs. Reliability is the degree to which measures are free from errors and therefore yield consistent results low reliability indicates the imperfection in the measuring process that influenced the research project in different ways each time when the measurement is taken. The

reliability test is to ensure that the question asked is able to measure the variables. Reliability is indicated by Cronbach's Alpha or Coefficient Alpha. Cronbach's Alpha Co-efficient of Constructs for bank officials, the overall alpha is 0.810 and for insurance representatives the overall alpha result is 0.837, hence the questionnaire is reliable.

1.12.7 Reliability Analysis Result for Pilot Survey

The Cronbach's Alpha Coefficient was used to assess the reliability of all constructs. When the coefficient range is high, it means stronger correlation and resulted higher reliability of the research results.

1.12.8 Statistical Tools used for Data Analysis

The following statistical tools are used in the study to test and analyze the concept:

- a. Statistical package for Social Science (SPSS) Version 21.0 has been employed for tabulation, graphical presentation and data analysis.
- b. The scale reliability and homogeneity has been tested using coefficient of Cronbach's Alpha
- c. The collected data has been tested by using Statistical tools and techniques such as percentage analysis, mean analysis, bi-variate correlation analysis and Chi-square test.

1.13 LIMITATIONS OF THE STUDY

Though proper care has been taken, the present study is subjected to certain limitations which are inherent in this type of study, presented as below:

- 1) The study is confined to only selected banks operating in Shivamogga and Chikkamagaluru districts and only S.B.I and Canara banks from public sector and their insurance representatives of the concerned insurance companies have been considered in the study, hence the conclusion may not be generalized.
- 2) It is difficult to know whether the respondents have truly given the accurate information.

- 3) Banks and Insurance companies preferences and opinions are supposed to change from time to time; hence opinion will not stand same forever.
- 4) The sample size is relatively small, hence, the suggestions and conclusion have drawn may holds good only in some geographical region, so any generalization will need a cautious approach.

1.14 CHAPTER SCHEME

The study is presented in the following chapters mentioned as below:

Chapter No.	Chapter Title
1	Introduction and Research Design
2	Review of Literature
3	Bancassurance Practice in India – An Overview
4	Integration of Functional Synergy of Banking and Insurance Sectors – An Analysis
5	Summary of Major Findings, Suggestions, and Conclusion

Brief summary of each chapter

I. Introduction and Research design: The first chapter of the study starts with brief introduction about the concept of bancassurance followed with conceptual definitions, bancassurance in India, bancassurance products, benefit of bancassurance to bank, insurance company, customers, statement of the problems, objectives, scope, hypothesis, research design and limitations of the study.

II. Review of Literature: The second chapter commences with the review of literature with regard to bancassurance growth and challenges, customer’s attitude and perception toward bancassurance, bancassurance synergy and leverage, bancassurance as a marketing strategy Bancassurance SWOT analysis, bancassurance practice and the chapter ends with research gap.

III. Bancassurance Practices in India - An Overview: This chapter studies the concepts of bancassurance, its features, products under bancassurance, advantages, disadvantages, challenges in bancassurance, Regulations for bancassurance in India, Bancassurance classification, world wide model of bancassurance, Practices of bancassurance in India.

IV. Integration of Functional Synergy of Banking and Insurance Sectors - An Analysis: This chapter completely devoted to analysis of collected data. The analysis is carried out by using statistical package for Social Science (SPSS) version 21.0. The analysis carried out with various different statistical calculations and also presents the summary of the data interpretations.

V. Summary of Major Findings, Suggestions and Conclusion: This chapter presents major findings of the study and suggestions are offered to different stakeholders followed by conclusions along with the opportunities for further research.

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CHAPTER 2

REVIEW OF LITERATURE

2.1 INTRODUCTION

With a dual objective of serving a comprehensive content insight about the theoretical framework of the present topic and to identify the research gap that exist at present, an attempt has been made in the following paragraphs to review some important previous research works. The literature review forms the main platform of the research study as the consequent analysis and the future result is based on it. The review is done on the literature of Bancassurance growth and challenges, customer's attitude and perception towards bancassurance, bancassurance synergy and leverage, bancassurance as a marketing strategy bancassurance SWOT analysis and bancassurance practice.

Bancassurance is a new concept catching up fast in India. It emerged in India in 2000. Its growth and development in the various countries depend on the country's economic, demographic, social and cultural factors. In India, bancassurance has a wide scope as there is a wide banking network on the one-side and lower insurance penetration and density on the other side. Various authors and researchers have provided their views and definitions on the bancassurance through their research work and studies. Many studies have been conducted particularly in Banking and Insurance sectors under the concept of bancassurance or cross selling. As such, the literature reviews conducted with related to the present topic is presented under the following headings:

- a) Bancassurance Growth and Challenges
- b) Customer's Attitude and Perception towards Bancassurance
- c) Bancassurance Synergy and Leverage
- d) Bancassurance as a Marketing Strategy
- e) Bancassurance SWOT Analysis
- f) Bancassurance Practice

2.2 BANCASSURANCE GROWTH AND CHALLENGES

Growth and challenges in the bancassurance are the important influential factors for the success of bancassurance, bancassurance growth depends on the economic, demographic, social and cultural factors, it has shown more growth in the developed countries where as it is still in the infancy stage in the developing countries. Efforts have been made by the government for its successful implementation. Hence, growth and challenges in the implementation of bancassurance is discussed not only from the perspective of India but from the global perspective also.

Jean Crook Gora (1997)¹ has made an extensive study to examine the bancassurance concepts in the various countries. The concepts such as bancassurance, its products, experience, established insurance companies' response, opportunities for rapid entry, synergies between banking and insurance as well as the concepts like positioning for entry is discussed from insurer's and from the banker's perspective, he is also of the opinion that bancassurance will be successful, as it is successful in other countries, it will also show a positive sign in India.

A Michael Dye (2001)² has made a study about the bancassurance and has found that in Asia bancassurance as a major insurance distribution channel is imminent, it will assume an active role in the future. If the synergies of the two major financial service sectors i.e., banking and insurance if implemented properly, it can be profitable to various parties like customers, shareholders, banks and the insurance companies. The article focused on the status of bancassurance in few Asian countries, including India, it also evaluates the various possibilities of the combined strengths of insurance and banking sectors. Bancassurance as an insurance distribution channel provides customers with wide varieties of products through banking network. The article concludes by

¹Jean Crook Gora (1997), Bancassurance: Positioning for Affiliation (lessons from Europe, Canada and the United States).

²A. Michael Dye, (2001), Bancassurance: - An Asia Perspective, Asian Insurance Review, ICFAI, pp. 70-77.

highlighting the benefits of bancassurance to regulators and encouraging regulators to facilitate bancassurance as a distribution channel for insurance, it will finally benefit all the concerned stakeholders. In many countries regulations are evolving and this article offers NMG's few opinions of how markets "look and feel" rather than providing any hard and fast legal opinion.

Gilles Benoist (2002)³ has focused on the bancassurance practice in the worldwide (covering various countries such as France, Argentina, Brazil, Canada, Germany, Japan, Mexico, United Kingdom, United States) its strategic benefits, assure finance, bancassurance model risks and vulnerabilities, as well as real challenges while creating bancassurance influential possible strategies. It is concluded that insurance has no miracle model, but there is a significant fund movement in which gradually internet will emerge as another distribution method. The three golden rules proposed by the author are 1. One will be the successful player who can tailor the model to the context 2. Management of critical factors of success such as innovation, quality, short span of time for marketing of new products, low costs and advanced technologies 3. Strong client relationship building.

In an article by Asis Bandyopadhyay (2005)⁴ has considered universal banking, or Alfinanz or one stop shop as milestone for bancassurance, he has also given generic definition of bancassurance as "Producing and distributing cost effectively banking and insurance products to a common customer base, it aims at offering the customer's a superior value chain utilizing the synergies of the bank and the insurer. His article also focused on the various aspects of bancassurance such as its benefits to various parties and the development of bancassurance through 4 phases, regulatory issues, organization, alignment and communication issues. Author has also mentioned people, process and

³Gilles Benoist (2002), Bancassurance: The new challenges, The Geneva papers on risk and Insurance, Vol. 27, No 3, pp. 295-303.

⁴Asis Bandyopadhyay (2005), Bancassurance: Trends and Issues, India Insurance Report: Series – I, Allied Publishers Pvt. Ltd., ISBN:817764-76208, pp. 415 – 417.

technology as important concepts; various issues relating to conflict of interest and cultural synthesis have also been mentioned. He has also elaborated different steps in cementing relationship in bancassurance; in the last stage bancassurance between Europe and Asian countries have been compared.

Lih RU Chen et al (2008)⁵ made a study which examines whether the banks in Taiwan have improved the scope of economics by engaging themselves in bancassurance activities; authors have used unique bancassurance data from Taiwan for the study. The empirical result of the study shows that banks higher involvement in bancassurance help to improve their cost scope economies, it may also result in revenue scope diseconomies. The overall result of the study revealed that there is a higher gain from cost scope economies in comparison to revenue scope diseconomies losses by Taiwan bank after engaging in bancassurance. Banks with higher bancassurance premium income as well as financial holding companies subsidiaries are likely to get revenue cost scope economies. On the other side, banks having large networks of branches, correspondent insurers, large customers, higher intensive products focus, and higher share of investment in assets are going to realize revenue scope economies more.

C. Chelladurai (2010)⁶ in his research thesis highlighted that bancassurance is not just selling insurance products to the customers, but it is also about changing the mindset of the customers, he has compared bancassurance business to a plain vanilla banking. Now, it's time for the banks to turn into a financial super mall along with necessary safeguards and due diligence process. It has been found from the article that it is the need of the present condition to include new ideas, new thinking approach and network culture to dominate the world of tomorrow. Finally, it is concluded from the research thesis that bancassurance will definitely play a significant role as an alternative

⁵Lih RU Chen, Peng Jin Lung and Wang Jennifer L. (2008), Financial Integration and economic of scope: A cross -industries analysis of bancassurance in Taiwan, *Journal of Insurance*, Issues 2008, 31(21), pp. 120-151.

⁶Chelladurai, C. and Ashok Kumar., N. (2010), Bancassurance – The Indian experience, Ph. D. Thesis submitted to Madurai Kumaraj University.

distribution channel. Bancassurance concept has just started in India but it has to go a long way only “sky is the limit” for the bancassurance.

Prema Lama and Suranjana Saha (2011)⁷ in their empirical study considered financial integration, new technologies, universalization of banking and diversification of banking activities as major causes for bancassurance. They made a study about the bancassurance in other countries and found that the concept of bancassurance was success in European countries like France, where as it was not successful in USA as Steagall Act of 1933 prevented banks of USA from bancassurance and only after the Gramm- Leach Bliley Act 1949 it gained importance in USA and now 20% of USA banks are selling insurance products. In the context of India, banks having net worth 500 crore and CAR 10 % can market life and one non- life products. The other aspects by which bancassurance will be successful in India are deregulation of banking industry, competition, market growth, face to face customer’s contact, cost- effective distribution channels. As banks are major pillars of Indian financial system bancassurance will be successful in the coming years.

Borko Krstic et al (2011)⁸ is of the opinion that in the difficult situation of the global economic crisis, the insurance sector manages to grow faster than the (GDP) long-term global gross domestic product. The traditional barriers which separated banking and insurance sectors are being reduced in the last few decades, as a result of the liberalized financial market, deregulation, as well as the appearance of financial companies; with capabilities to render wide range of financial activities provide scope for bancassurance. Selling of insurance products through banking network is growing at a faster rate than the traditional sales distribution channel not only in the developed

⁷Prema Lama and Suranjana Saha (2011), Bancassurance in India: An overview, Banking Finance, Vol. XXIV, No.1, January 2011, ISSN-0971-4498, pp.18-20.

⁸Borko Krstic, Nevenka Mandic Milkjkovic Vojvodic, Dejan (2011), Bancassurance – New options for the development of Serbian Financial Sector, Economic and Organization, Vol. 8, No. 1, pp. 15-29, UDC 336.7:368

countries but also in the developing countries in life insurance first and in non-life insurance recently. In France and Portugal life insurance selling through banks have developed strong and acquired high market share in some European countries. Bancassurance has also become major distribution component mainly for life insurance in some developing countries in Central and Eastern Euro, especially with the mortgage and consumer loans expansion. As a sales channel in the past few years, in Serbia bancassurance is developing as an upward trend for insurance sales channel. In future with the opening of new bank credit line and tax incentives introduced by the state, insurance sales channels through bank will bring benefit to all the concerned parties i.e. banks, insurance companies, and to the customers in the form of all financial products under one roof. With the aim to save time, lower commission and low premium bancassurance channel is beneficial.

Rachna Agarwal and Anubhuti Haleja (2011)⁹ have focused on the bancassurance needs with the justification of bank networking. They have also analyzed the level of success or failure of bancassurance in India. They have also concentrated on the insurance sectors from its traditional marketing till the bancassurance i.e., modern marketing. Authors have considered bancassurance as a major step in the 21st century towards creation of universal market. The article has been concluded by focusing that there is a difference in awareness level of bancassurance among the people of the various income groups but even the overall awareness level of bancassurance is not satisfactory. They have seriously insisted that there is a need to create bancassurance awareness through advertisement. They have also insisted insurance, bank employees to involve seriously in creating bancassurance awareness.

⁹Rachna Agarwal and Anubhuti Haleja (2011), Bancassurance – A Challenging Convergence in India Perspective, International Journal of Research in IT, Management, and Engineering, Vol.1, Issue 4, ISSN-2249-1619, pp. 21-32.

Anna Tarasiuk Flodrowskg (2011)¹⁰ his research study has observed that in Poland, there is an increase in the interest in the bancassurance business as a new form of insurance distribution channel; it provides many challenges to the market. The European Union directives on insurance mediation, Local polish regulations, Polish market players self-regulations have become a most interesting topic for legal discussion on how bancassurance market should be properly structured in Poland, and whether there is a requirement of any additional regulations. The present article focuses on the Polish market specific regulations in connection with the regulations of the European Union. Authors conclude the article by suggesting some recommendations, the first and the foremost recommendation is to provide for “soft law” regulations aiming to meet the client need and to the bank to provide information as much as it reasonably required. The second recommendation is related to the financial insurance it has been also accepted by the market representatives, on third recommendations currently preparation work is pending regarding unit- linked products in the bancassurance sector. This shows that in Poland market participants are ready to prepare their own regulation of their sector and to obey them, instead of requesting binding regulation either from the European Union or from the local regulator.

Nandita Mishra (2012)¹¹ attempts to explore the scope of bancassurance models and bancassurance strategy as a source of fee based and non-interest income. India has largest network of banking on the one hand, and low insurance penetration and density on the other hand which offers scope for bancassurance. The article analyzed the present trend of banks handling insurance products. Focus has been made on some of the likely issues in general and specific problems faced by the banks in the bancassurance implementation process. It is concluded by suggesting strategies as well as policies to

¹⁰Anna Tarasiuk Flodrowskg (2011), Bancassurance on the EU Market Specificities of the Polish law, *Revijaza.pravousiguranja Brou* – 2011, pp. 13 – 19.

¹¹Nandita Mishra (2012), Bancassurance: Problem and challenges in India, *Integral Review- a journal of Management*, ISSN: 2278-6120, Vol. 5, Issue 1, pp. 52-63. Accessed from [http://www.integraluniversity.Ac.in/ net/journals](http://www.integraluniversity.Ac.in/net/journals) and publication. aspx,

make it a win- win situation for all the three parties' banks, customers and insurance companies.

Ofunya Francis Afande (2012)¹² found- out the strategic responses adopted by the insurance agents in Kisumu city of Kenya to cope with the bancassurance adoption, another objective is to identify the major challenges encountered by the agents while implementing strategic responses in bancassurance adoption. The findings of the study indicated that responses adopted by the insurance agents to cope up with the bancassurance includes, acceptance of changes resulted on account of bancassurance implementation and doing nothing which includes avoid, transfer, reduce and other responses such as institutions and clients analysis, amalgamations and acquisitions, merges, regular investment in new equipment and upgrading system, insurance intermediaries, regular staff capacity building, proper education to clients on dealing with insurance agents, investment activities pertaining to marketing and new market development, collaboration and networking with other insurance agents. Author suggested the insurance agents to continuously scan the environment which will help to identify and address the several challenges posed due to changes in the environment.

P. Srikanth (2012)¹³ concluded that the entry of private players in the insurance sector has led to intense competition among the players. Insurance companies instead of depending on the traditional channel i.e., individual agents, they have started to experiment with the innovative insurance distribution channels like insurance brokers and bancassurance. Bancassurance in India is in blossoming stage, but bancassurance tremendous growth, its acceptability in the previous year's showed a bright sign for bancassurance success. The present article focused on the reasons behind bancassurance acceptance in India, its emerging trends, risks, challenges behind

¹²Ofunya Francis Afande (2012), Strategic responses by general insurance agencies to adoption of bancassurance in Kisumu city. *Scholarly Journal of Business Administration*, Volume. 2(5), September 2012, ISSN: 2276-7126, pp. 82-89.

¹³Srikanth Anveshkar, P. (2012), Bancassurance-The Growth, Problems and Challenges in India, *We School*, Vol. XIII, Issue.1, March 2012, We School, pp. 117-124.

bancassurance and bancassurance prospects in India. It has been concluded from the study that, even though the bancassurance phenomenon is completely new in India, already there is a sign of initial success. The factors as well as the principles which contributed for the bancassurance success at global level will also contribute for its successful implementation in India. In the near future, there is no doubt that, banks will become a significant distribution channel for insurance products and services.

Lim Kah Boon et al (2012)¹⁴ focused on the innovation attributes effects on bancassurance products as well as on the factors that have influence on customer's acceptance towards the new products. User acceptance of bancassurance is measured by adopting Rogers's five factors such as relative's advantages, complexity, compatibility, trial ability, observe ability. From the three states of Malaysia 450 respondents were selected and participated by answering a structured questionnaire. The article concludes that, relative advantages from bancassurance; visibility and bancassurance trial basis are the factors that affect the bancassurance acceptance by Malaysian consumers. Following are the strategies which would help in completing bancassurance greater acceptance such as through advertisement pros and cons are promoted to increase its viability and it also allows consumers to trial for a period.

Renu Bala and Anjun Verma (2012)¹⁵ analyzed the future of bancassurance and highlighted that the concept of bancassurance will flourish in India as there is low insurance penetration and density, existence of large population, wide banking network, huge untapped insurance market particularly in rural areas provide scope for bancassurance. Further, the article concludes that even though the banks and insurance companies have bright future in bancassurance business, but it's success is subjected to

¹⁴Lim Kah Boon, Teo Siew Chein and Chenong Yittjia (2012), User Acceptance of Bancassurance in Malaysia, International Conference on Management, Economics and Finance (ICMEF, 2012) , 15th -16th October 2012, ISBN: 978-967-5765-09-0 , www.globalresearch.com.my

¹⁵Renu Bala and Anjun Verma (2012) "Scope for the bancassurance in Indian Life Insurance sector: An analytical approach". Asian – African Journal of Economics and Econometrics, Vol.12, Issue 1, pp. 235-246.

the occurrence of common vision and objectives between the two parties which will make bancassurance as a win-win situation to both.

Rania E.I Monayery (2013)¹⁶ has conducted a study and is of the opinion that, in order to activate as well as to stimulate the insurance industry in Egypt bancassurance is considered as one of the most powerful modern measures. By taking the database of bank customers who gathered as an individual or as a company in the bank's branches distributed throughout the country insurance company can use bank branches as a marketing and sales point for insurance products. It also allows insurance companies to offer insurance services and marketing insurance contracts for financial risks, property life and casualty insurance. It concludes that even though in Egypt in 2007 after passing of the CBE'S decision (Central Bank of Egypt) in 2007, to stop the bancassurance for newly established insurance companies, after realizing its negative effects in Egypt in May 2013 again (CBE) allowed the bancassurance return in Egypt.

Nidhi Choudhari (2013)¹⁷ made a study regarding bancassurance evolution, status and challenges and found that, India is a growing economy where majority of the population remains to be insured, in case of life insurance 80% of the population and in case of non-life 90% of the population remains excluded from insurance. Hence, bancassurance has a role to play in providing access of insurance services through wide network of branches; it is a most powerful medium to ensure insurance incuse to erstwhile uninsured population. The author has concluded the article by stating that, in India bancassurance is still underutilized and not grown to its potential. Bancassurance is facing challenges and it should be addressed through proper regulatory norms. IRDA and RBI norms should have clarity; in the insurance industry, customer's service aspects have to be enhanced, so that banks while entering into bancassurance should not view it

¹⁶Rania E. I. Monayery, (2013), Bancassurance in Egypt, The Macro Theme Review, A Multidisciplinary Journal of Global Macro Trends, Vol. 2 (5), Fall 2013, pp.182-187.

¹⁷Nidhi Choudhari (2013), Bancassurance in India: Evolution, Status and Challenges, Life Insurance Today, Vol. IX, No.04, July 2013, ISSN: 0973- 4813, pp. 05-08.

as reputational risk. Government, RBI and banks have proposed several measures to promote bancassurance model. In future bancassurance will openly promote financial inclusion in insurance sector, insurance penetration is a sign of a developed economy and there will be growth in the financial sector with the growth of bancassurance.

Rajeev Sengupta (2014)¹⁸ have made various recommendations in their study for the success of bancassurance which includes to depend more on joint venture model instead of referral model, to sell group insurance policies by using banker's trust image, success of bancassurance depends on bancassurance partnership, so banking partner should be selected by considering the factors such as number of bank branches, banks clientele nature, employees workforce nature, usage of latest technology, tie- up with regional rural banks and with local credit societies etc. flexible premium payment method should be introduced, bancassurance awareness should be created, clarity in the matter of operational activities such as branding, how to sell the products, salesman remuneration, shifting from selling of insurance policy approach to understanding customers requirement is required, speed claim settlement procedure, customers database should be centralized, so that it can be used by both bank and insurance company.

Andra Merikas and Sotiris K. Staikouras (2015)¹⁹ focused on the Bank-Insurance model; and are of the opinion that convergence in the financial institutions is one of the most notable characteristics of the present financial markets, which were until now performing different activities. The main focus of the study was to explore the bank-insurance phenomenon present in the Greek market. Focus of the article was to find out the development of financial conglomerates in the region, as well as to argue that this phenomenon is not as new as in the Greek as one would expect. Over a century a

¹⁸Rajeev Sengupta, (2014), Determinants of Bancassurance in India, Ph. D. thesis submitted to School of Management, KIIT University, Bhubaneswar, Odissa.

¹⁹Andra Merikas and Sotiris, Staikouras K. (2015), The Greek Bank -Insurance Model: A look at a not – so – New Corporate Structure.

number of bank- Insurance approach to financial sectors have seem to be dominated. Analysis of the recent development presents the evidence, indicating a new trend in Greek towards multi-venture partnerships and multinational enterprises involvement activity.

Rebeena Alavadeen and Rosa K.D (2015)²⁰ in their study stated that insurance companies and banks are incorporating a wide range of products to meet their customers' expectations. Hence, bancassurance is one such product, the growth and success of the bancassurance depends on the extent to which insurance companies and banks will be successful in capturing the various operational challenges. The study is concluded with the statement that bancassurance concept has bright future. Suggestions have been made to diversify insurance products which include early claim settlement to gain customers trust, use of effective media for product diversification.

N. Santosh Ranganath et al (2017)²¹ have made an extensive study and analyzed that, even though the bancassurance concept is new in India, but it's incredible potential shows that in India bancassurance has a bright future. To meet the diversified needs of the customers various innovations have been taken place. It has been analyzed from the study that bancassurance application in banks will create sales culture which will be beneficial to promote banking and other financial products. Through this article authors have made an attempt to evaluate the bancassurance performance from the banker's perspective, by taking into account various business-related parameters. It has been found from the study that bancassurance accounts for 35 percent to 40 percentage share of the income from premium in India amongst the private players. Banks have been suggested to understand the needs of the customers and to strive for continuous growth.

²⁰Rebeena Alavadeen and Rosa, K. D. (2015), Growing Role of Bancassurance in Banking Sector, International Journal of Industrial Engineering and Management Science, Vol. 05, Issue 2, pp. 10 – 16.

²¹Santosh Ranganath, N. et al (2017), Performance Evaluation of Bancassurance – An Empirical Study on Bankers' Perspective, Global Journal of Business Management, Vol.11, Issue 11, pp. 01-09.

2.3 CUSTOMER'S ATTITUDE AND PERCEPTION TOWARDS BANCASSURANCE

All marketing strategies are meant to satisfy the needs of the customers. Insurance industries have to design various insurance products to meet the customers' requirement. Insurance policy should not be sold forcefully to the customers, instead of that customers' requirements should be analyzed and customized products should be made. Hence, analyzing the perception and attitude of customers is important. Review covers the most important empirical study on customers' attitude and perception towards bancassurance.

In an article by Pekka Korhonen et al (2005)²² focused on the alternative structure between insurance companies and banks from the view point of Finnish Customer's representative. For such alliances they introduced seven Criteria for the evaluation of six alternative structure models. An expert panel carried out the evaluation consisting of customer's representatives. Analytical Hierarchy Process (AHP) was used as a supporting tool. The most preferred alliance model was based on plain-cross-selling agreement. The study also considered the familiarity of the customer's representatives with alliance problem from point of view of insurance executives, bank and the supervisory authorities. It has been observed from the study that the Customer's representatives failed to recognize the problems from the view point of supervisors as well as from the executives view point.

T. Sung-Chi Liu and Li-Wei Wu (2007)²³ found that most of the studies have been focused on the customer's retention and have not focused on the importance of Cross-buying behavior of the customer. Customer's retention is the result of repetitive

²²Pekka Korhonen, Lasse Koskinen, Raimo Voutilainen and Helsinki (2005), A Customer View on the most preferred alliance structure between Banks and Insurance Companies, School of Economics, Working papers W-386, August 2005, ISSN1235-5674, ISBN951-791-922-0 (Electronic working paper), pp. 01 – 27.

²³Sung-Chi Liu, T. and Li-Wei Wu (2007), Cross Retention and Cross-Buying in the Banking Industry: An Integration of Service Attributes, Satisfaction and Trust, Journal of Financial Services Marketing, Vol.12, 2, 8th March, 2007, pp. 132 – 145.

decision of the customers, but customer decision to cross-buy involves a highly complicated process. The study examines the effects of various factors such as one-stop shopping convenience, locational convenience, firm's expertise, firm's reputation and direct mailing effect on both the customer's retention and cross-buying. Satisfaction and trust are a mediating factor and the role of trust and satisfaction in the relationship between customer retention, service attributes and cross buying are examined. The result revealed that banks have the choice to use different service attributes to influence the customer's retention and cross-buying behavior. Satisfaction and trust play a different role of mediating in the relationship between customer's retention, service attributes and cross-buying.

In a study by Richa Sharma Vyas (2008)²⁴ focused on modern marketing i.e., cross selling which is considered as contemporary practices, and is also expected to be a major value enhancer in the future. In order to increase the cross-selling effectiveness, marketers should also need to incorporate critical element of cross selling, customer's perception and firms various experience of cross selling efforts. It is concluded that even though the customers are having heterogeneous opinion about cross selling they were in favor of the following cross selling benefits such as one stop shopping, convenience, transaction economy, relatedness feeling. It is also opined that cross selling will result in higher conversation if it is properly executed with proper understanding of customer's perception. Inappropriate channel and hard selling may jeopardize the firms existing customers relationship instead of building on it. More sensitive and targeted approach need to be followed by the marketers towards cross selling in various terms such as offer suitability, channel employed timings. More information on customer's needs and preference can be gathered at the customer's acquisition time and can be used for effective cross selling. Customer's seek personal attention and prefer balanced power relationship, if these elements are incorporated while cross selling it will bring impressive result.

²⁴Vyas Richa Sharma (2008), A Study of customer's Perception of Cross Selling: Using A grounded theory Approach, IIMB Management Review, June 2008, ISSN09793896, pp. 149 – 156.

In the research study conducted by Cheng-Ru Wu et al (2008),²⁵ the main aim of the study is to make an attempt to find out the most preferable alliance model in bancassurance from customer's perspective, which is a main problem that requires sophisticated MCDM (Multi-Criteria Decision Making). Hence, AHP (Analytical Hierarchy Process methodology) is a most successful approach to find solution to the problems of financial alliance. The result indicated that customer's first consider their benefits while buying financial products with the help of customer care, authors have observed that customer's consider not only their benefits such as sufficient product information, equal treatment to customers, service convenience but they also consider operational stability and system risk control also while purchasing financial products. As per the criteria of executive, customer and supervisory aspect F.H (Financial Holding company has received highest score) after consultation with the academician, financiers who are well informed customers. It is concluded that while purchasing financial products Taiwan consumers considered many factors regarding supervisory aspects, executive and customer's aspects, along with company's operational condition and company's scale, risk, customer's benefits and so on. But among all, the most important factors are customer's benefits, convenience and risk control.

Anshuja Tiwari and Babitha Yadav (2012)²⁶ have conducted an empirical based study to know the bancassurance role in the life insurance industry of India; authors have also tried to examine the customer's awareness, satisfaction and their perception towards buying products of life insurance from bank. Various bancassurance concepts have been focused in the paper, the major findings of the article highlighted that, low cost, less awareness among customers are the reasons which will accelerate the growth of life insurance and bancassurance is the second preferred distribution channel by

²⁵Cheng-Ru Wu, W., Chin Sai Lin, T and Yu-Fan Lin (2008), What Forms of the Bancassurance Alliance Model is Customer's preference, Emerald, Journal of Modelling in Management, Vol. 03, No. 3, 2008, www.emeraldinsight.com/1746-5664.html, pp. 207 – 219.

²⁶Anshuja Tiwari and Babitha Yadav (2012), A Customer Survey and Perception towards Bancassurance (with reference to life insurance industry), South Asian Journal of Marketing and Management Research, Vol. 2, Issue 2, (February 2012), ISSN:2249-877X, pp. 142 – 163.

customers. Finally, it has been concluded that in the Indian life insurance industry there is a tremendous scope and vast growth opportunity available for bancassurance due to huge uninsured market.

T. Hymavathi (2012)²⁷ conducted a research study highlighted the bancassurance, bancassurance models and the Indian customer's attitude towards bancassurance, the article also throws light on the relationship between gross domestic products (GDP) and insurance business development in India in general. The Indian market provides a number of opportunities to the bank for cross selling of insurance products. By identifying a proper market and by designing a specific insurance product bank can increase their performance to cross sell. By using their branch network bank can exploit the opportunities for selling insurance products. An effective and clear marketing strategy should be formed to create awareness and to create willingness among customers to opt bank as their insurance distribution channel, along with this bank should adopt an integrated communication marketing strategy which includes direct marketing, advertising, public relations to create awareness about availability of insurance products at their bank branches. This will contribute for the development of the economy of the country.

Joji Rajan M.F.C et al (2013)²⁸ analyzed the importance of banking for an economy and the impact of liberalization, globalization and technological advancement on the banking sectors. The study mainly focused on the satisfaction level of customers on bancassurance by comparing private and public sector banks, the study was conducted in Pathanamthitta district of Kerala and it is concluded from the study that customers are the inevitable part of any business, retaining customers is most important

²⁷Hymavathi, K. T. (2012), Customer Attitude Towards Bancassurance – An Indian perspective, Global Journal of current Research, Vol. 1, pp. 39 – 49.

²⁸Joji Rajan, M. F. C., Gomatheeswaran, M. (2013), Bancassurance: A Comparative on Customer Satisfaction towards Public and Private Sector Banks in Pathanamthitta District – Kerala, The International Journal of Engineering and Science (IJES), Vol. 02, Issue: 07, 2013, ISSN (E):2319-1813, ISSN (P): 2319-1805, 2013, pp. 12 – 18.

for all the banks. Better services to customer's help to raise bancassurance income. In this regard, both public and private sector banks are competing with each other, which is influencing the Indian economy and it has also contributed to the insurance companies' overall performance. Convenience is the main priority for majority of the general public irrespective of public or private sector banks.

V. Sreedevi and P. Lovelin Auguskani (2014)²⁹ analyzed that in India with the support of financial reforms and the recommendations of first Narasimhan committee has helped to reshape the financial landscape, banks nowadays are entering into new areas and are offering innovative products such as merchant banking, lease and term finance etc. Nowadays banks are diversifying their business than ever before, as such they are entering into the bancassurance world. With an attempt to analyze bancassurance penetration in Indian market, customer's preferences and perception towards buying life insurance policy from bancassurance. A survey was conducted by selecting 100 respondents of bank customers who were involved in regular banking transaction and had an insurance policy were selected for the study. It was found that out of 100 respondents, 40% were aware of bancassurance, 38% of customers had taken policy through banks, 11% of respondents had taken life insurance policies, 25% preferred it as a security measure, 46% are buying policy due to trust and loyalty, 23% are preferring bank as insurance distribution channels (45% agents), 22% are familiar with various policies offered by bank and only 15% are highly satisfied and it is concluded that economic growth has played a vital role in supporting middle income class. There is an expansion of bancassurance in most of the Asian countries and the same will apply to India also. Experience has revealed that in the initial stage of economic growth the most strongly felt financial need for non-banking products are insurance and derivatives. As India is having middle class population more than 200

²⁹Sreedevi, V., Lovelin Auguskani, P. (2014), Preference of Bancassurance, IOSR, Journal of Business and Management (ISOR-JBM), ISSN: 2278- 487X, P-ISSN: 2319 -7668, Volume. 16, issue 1, ver. 19(Janurary-2014), PP. 08-13, www.iosrjournal.org.

million coupled with wide banking network with large depositor's base provide greater scope for bancassurance in India.

Rajashekar and T. Hymavathi Kumari (2014)³⁰ have conducted a research work with the objectives to know the awareness of bancassurance among customers and also to know the preference of customers for buying the life insurance policies through bank's channel. The study was conducted to know the customers satisfaction level, the study also helps to assess the customer's awareness towards bancassurance and the quality of the product delivered. Customer's satisfaction level was tested by taking into account the factors such as products (insurance), price, quality and bancassurance awareness and at what level it contributed to the country's development objective. The study concludes that banks have opportunities to cross-sell insurance products. Opportunities existed due to customer's high usage rate of insurance products; banks low penetration into insurance programmes, willingness of customers to buy insurance products from banks.

2.4 BANCASSURANCE SYNERGY AND LEVERAGE

Synergy creation is the main motive of any financial integration. Synergy is created at the various levels in an organization. The effectiveness of synergy has been empirically examined and the review chapter covers the most important empirical studies as below.

In an article by Tapen Sinha (2005)³¹ focused on why do insurance companies and banks get into bancassurance? In emerging markets only few studies have been conducted. In India bancassurance has taken a start. For both the sectors economies of scale and economies of scope make bancassurance alliance attractive. Factors behind

³⁰Rajashekar and Hymavathi Kumari, T. (2014), An Empirical Study on Customer's Attitude Towards Bancassurance Indian Perspective, IJSR- International Journal of Scientific Research, Vol. 03, Issue: 5, May 2014, ISSN: 2277- 8179, pp. 356 – 358.

³¹Tapen Sinha (2005), Bancassurance in India who is tying the Knot and why, Actuarial Research, Conference Paper, October 2005, pp. 01 – 35.

bancassurance are examined by examining the performing quantitative tests and developments. The article concludes that there are natural synergies between insurance companies and banks. In India with the expansion of bank branches in remote areas, a large number of bank branches reached the remote areas. Banks are also benefitted by “Trusted brand”. In case of private insurance companies’ average response, they expect that within five years 35% of their insurance products should be sold through banks. Among the insurance companies as expected there is a wide variation varied from a lower of 20 % to high as 75%. In case of general insurance companies (both public and private) average response they expect is 25% of their insurance products to be sold through banks within five years. Variation in this case is varied between 20 % and 30 %. Both the RBI and IRDA made regulatory changes which are in favor of bancassurance development. Foreign share ownership restrictions limit the bancassurance choice, but by the end of 2004, this barrier was removed. For many foreign insurers it has become a focal point. Foreign insurers have focused on the bank branches as their main channel of distribution. It is possible only if there is a smooth and easy flow of information between the database of the banks customers and their insurance partners. Only after computerization it will become universal and will take a number of years for this development.

L. Paige Fields et al (2007)³² are of the opinion that for financial firm architecture the bancassurance model has been used widely in Europe and U.S, financial firms are also recently adopting bancassurance model. There is also evidence of the bancassurance viability combination for both US and non-US merges between the period from 1997 and 2002. There is a positive gain and there is no significant shift in risks for shareholders of bidding firms, and higher stock ownership of CEO results in lower positive gains for shareholders. Along with these results other results have also suggested that firms adopting bancassurance are viable entities and will play an important role in the U.S financial system future evolution.

³²Paige Fields, L., Fraser Donald, R. and Kolari James W. (2007), Is Bancassurance a Viable Model for Financial Firms? *The Journal of Risk and Insurance*, Vol.74, No. 4, pp. 777 – 794.

From the work of Charles Okeahalam (2008)³³ examines the bancassurance impact on the prices of retail financial services. It has been found that service fees in a product bundle increases less than proportionally to the number of services, it implies that with an increase in the number of clients in each bundle of products the market reduces the fees by 1.5% that is degree of competition in the respective markets of every bundle also reduces fees, for premium products there is a higher average costs, and finally cross- holdings reduces the price about 5%, whereas bancassurance reduces the prices by just over 6%. If both the strategies are combined the price reduction declines.

Sotiris K. Staikouras (2009)³⁴ examines the effect of bank-insurance interface on the wealth of the shareholders by using sample of global financial intermediaries along with an event study framework. The findings of the study revealed that there is a significant abnormal return which is surrounding the announcement of bank –insurance interface. A control sample employing financial institutions which do not involve bank - insurance deals showed negative abnormal return along with higher magnitude in terms of absolute. Sample is grouped into 2 bidders- bank and insurance company bidders. While separating the sample on the bidder’s basis, a significant positive return is earned by the bank- bidders, a significant loss is experienced by the insurance bidders. For bank –insurance divestment the analysis revealed 2 results either a significant statistically negative returns or an insignificant value. Over various intervals profitability, functional diversifications and size are considered as significant in abnormal returns determining.

³³Charles Okeahalam, L. (2008), Does Bancassurance Reduce the Price of Financial Service Products?, *Journal of Finance Services*, Finan Serv Res/ Springer / Springer Science + business media LLC 2008, 2008, J. Finan Serv Res (2008) 33:147-162 , DOI. 10, 1007/ S10693-008-0031-X, pp. 147 – 162.

³⁴Sotiris K. Staikouras (2009), An Event Study Analysis of International Venture Between Banks and Insurance Firms, *Journal of International Financial Markets, Institutions and Money*, 19 (2009) 675-691, www.elsevier.com/locate/intfin, pp. 675 – 691.

Horst Loechel (2010)³⁵ conducted a study the main highlights of the study was to review the theoretical findings as well as to find out the integrated financial service providers evidence of costs and benefits, inference has been drawn on developing integrated financial service providers (IFSP) in the emerging market with special reference to China. The overall result did not consider the superiority of either IFSP or the segregation of financial institution, the evolution of integrations or the financial institution segregation should be embedded in the managerial and regulatory context always. For emerging countries developing IFSP is a special relevance. The dominance of banking institutions along with the co-existence of under developed capital market can be employed for innovation in the capital market, if the services such as underwriting, lending and brokerage are available for the current clients under one roof retail clients can be better served by providing advisory services for life time. Sophisticated financial planning, under developed social security system can be better complements in emerging countries through cross-selling of bank and insurance products. Emerging market problems of information asymmetry with under developed corporate- governance, lower transparency and weaker contract enforcement can be solved by relationship banking and bank monitoring.

N. Santosh and Ranganath (2010)³⁶ have observed that there has been a change in the insurance distribution models in the world's most important markets such as US, Europe, U.K and Asia, and these changes are mainly due to 3 reasons 1. The changing profile of the customers as they are becoming more financially independent and demand for more valuable services 2. New market opening provides geographical expansion opportunities among the operating cost, distribution cost is the highest cost and for the insurer intending to provide better services at low costs and this is possible by bancassurance model. Authors are also of the opinion that sales force model is mainstay

³⁵Horst Loechel, Heike Brost, Helena Xiang Li, EU-China (2010), Benefits and Costs of Integrated Financial Services Providers (IFSD) -State- of- the- art in Research, BMT Working paper series, Number 006, pp. 01 – 26.

³⁶Santosh N and Ranganath (2010), Synergies of Bancassurance: A Critical Review, Indira Management Review - January 2010, ISSN-0974-3928, pp. 56 – 63.

in the distribution but it is changing as maintaining huge sales force is costly and alternative distribution channel is not restricted by monetary as well as by geographical limitation and even it provides competitive edge due to better services and low cost. Authors have concluded the article by stating that there has been a material impact of bancassurance on the financial service industry, insurance company, and banks. There has been a converging of traditional fund management houses towards a model of global retail financial institution, which offers a wide range of products, creates one-stop shopping by strategic partnership, insurance company and bank will be a part of the vision instead of depending on traditional distribution channel. It is the time for insurance company to depend on the new insurance product distribution channel.

Ajith Kumar Singhal and Rohith Singh (2010)³⁷ made a study regarding bancassurance synergy and stated that banks have already started to function as universal banking to create wider impact in the minds of customers and to come with innovative products and services. Banks are trying hard to make better utilization of their customer's data base and to channelize their business they are positively using their brand recognition, reputation and brand image to build a strong relationship with the insurance industry. There are also deficiencies, which this synergy has to clear out to get maximum benefits such as ineffective and proper bancassurance implementation, proper personnel management policies, regularization and increase in the incentives and other aspects of the agents. Hence, it is the responsibility of both the banker and the insurance company to build good mutual rapport, which will result in overall performance improvements, better facilities, higher profitability and increased efficiency. Some suggestions have also been made to improve the bancassurance performance which includes, strengthening service delivery mechanism, target customers knowledge, training of high quality and extensive training, strategies consistency as per bank vision, flexible banks database system. It has also stated that bancassurance is widely accepted

³⁷Ajith Kumar Singhal and Rohith Singh (2010), Bancassurance: Leveraging on the synergy between banking and insurance industry The IUP journal of Risk and Insurance, Vol. VII, No.1 and 2, 2010, pp. 28 – 37.

along with other activities. Now it's time to implement the strategic synergy effectively, for building one-stop shop model, authors have insisted banks, fund managers and insurance companies to converge together to synergies the relation.

In an article by Sarvana et al (2012)³⁸ examined that the integration of different financial services has provided both synergies in operation as well in the development of new concepts. Insurance companies require immense distribution channel and manpower to reach out huge customers base, insurance companies are planning to make a sea change in the insurance distribution channel by marketing insurance products available at the local bank branches through bancassurance. Authors have concluded the article by stating that bancassurance success is depending on the banker- customer relationship, so bank should strive towards this direction. Even the mindset of the banker is cascading, so it is a right time to enter into bancassurance. Authors have insisted regulators to allow bank's to have tie-up with more than one insurance company, to provide wide opportunity for the customers. It has been also analyzed that apart from acting as distributor in the long run banker will take equity stake in insurance company; it is similar to the trend observed in the United Kingdom and elsewhere. In future, in India bancassurance will be a norm rather than an exception. Supervisory concern can be tackled through a proper co-ordination between the respective supervisory authorities.

Mitesh M Jayswal and A.C Brahmhatt (2013)³⁹ have focused on relationship between first year policy lapsation rate and quality of service provided by bancassurance employees, article examined that whether first year policy lapsation rate differences is significant on post purchase services of intermediary and the impact of post purchase services of insurance intermediary on the first-year policy lapsation rate. It has been

³⁸S. Sarvana Kumar, U. Punitha, S. Gunasekaran, S. Sankar (2012), Flourishing bancassurance business an Indian perspective, Zenith International Journal of Multidisciplinary Research, Vol. 2, Issue 2, ISSN 22315780, pp. 269 – 280.

³⁹Mitesh, M. Jaysal and Brahmhatt, A. C. (2013), Exploring the Impact of Post Purchase Services by Bancassurance on first year policy lapsation rate in life insurance selling, IIBIT, Vol. 6, Issue 2, pp. 94 – 100. April - September, 2013,

found from the survey that there is a significant difference between policy lapsation rate of first year and post purchase services of intermediary and it is observed that difference lies in case of revival and exceptional services and has a positive impact on lapsation of first year policy.

Pushpalatha K et al. (2013)⁴⁰ have made a research study and observed that even being largest public sector, United Life Insurance Company of India in collaboration with many public sector banks, United Life Insurance Company is distributing its insurance products through banking network. On the other side, even private sector insurance companies also have hopes in this regard. The research study observed that the banks are actively participating in insurance business through their counters and even the number of banks entering into insurance business is also increasing. The article concluded that only few banks are coming out with special counters for bancassurance business, study revealed that there is a bright future for bancassurance for both insurance and bank.

Sreeshach (2014)⁴¹ has made a research study the main focus of the article was to study the efficiency gained by the insurance companies from bancassurance. Through bancassurance channel, insurance company is doing more than 40% of their insurance business. By using bank database and bank outlets to sell their products the rural insurance penetration can be increased. Only 8% of the total population is insured currently and the life insurance penetration rate in Indian market is low at 23% of G.D.P. Bancassurance is a most- cost effective channel of distribution for insurer. It is revealed from the findings that efficiency gain to the insurance company from bancassurance is high, by using bank and the bank branch outlet insurance companies can gain almost each and every advantage by selling their products through bancassurance. Finally, the

⁴⁰Pushpalatha, K., Aruna Kumari, G. and Naga Jyothi, C. Y. (2013), A study on Bancassurance, Mirmire, Vol. 332, Issue 3, pp. 01 – 07.

⁴¹Sreeshach, C. H. (2014), Efficiency gain of Bancassurance Insurance Companies Perspective, International Journal of research (IJR), Vol. 1, Issue 4, May 2014, ISSN: 2348-6848, pp. 420 – 433.

article is concluded by stating that, in India major portion of the insurance industry is in the public sector hands. For insurance business, public sector is still depending on its traditional agency network. In rural area especially 70% of the population is not under insurance coverage in India, which provides wider scope for bancassurance.

In the work of Rabindra Ghimire (2013)⁴², the study reveals the position of bancassurance in Nepal and bank position in bancassurance. It has been observed from the study that about 93 percent of the total insurance agencies are providing insurance facilities, where as banks and financial institutions accounted for about 93 percent. Author further, concludes that all the insurers had appointed financial institution and bank as agent of bancassurance. It is concluded from the study that the bancassurance practice in Nepal is still need to be institutionalized in comparison to the western countries.

P. Lovelin Auguskani R (2015)⁴³ has observed that there are two major sources of insurance distribution i.e., agents and banks. Development of insurance has changed the shape of insurance industry. For India, multi distribution channel for insurance distribution will be more favorable. Alternative channels such as corporate agents, brokers and banks will play a major role in the distribution of insurance. He analyzed that bancassurance success depends upon how banks and insurance company understand each other. Bancassurance has grown at different level in different countries depending on the economic, demographic and legislative condition in that country. Economic growth has improved the life of many middle-income class people in Asian countries and now it is implied to India also. It has been revealed from the experience that in the initial growth stage of economy more need was for non-banking financial products such as insurance and derivatives. It has been concluded in the end that India has more than

⁴²Rabindra Ghimire (2013), Bancassurance: A tool of integrating insurance and banking industries, Mirmire, Vol. 332, Issue 3, pp. 01 – 07.

⁴³P. Lovelin Auguskani, R. (2015) Efficiency and preference Analysis on Bancassurance of Banks in Kanyakumari District, Ph. D. thesis submitted to Manonmaniam Sundaranar University, Tirunelveli.

200 million middle class population along with vast banking network which offers scope for bancassurance.

Ajay Deep Singh Brar and Satinder Singh (2016)⁴⁴ made a study and analyzed that Before the bancassurance emergence, banks had only traditional source of income but with the sustainable partnership with insurance company, banks are enjoying with diversified revenue by using their biggest strengths such as huge branch network, loyalty of customers, brand name etc. The article examined the private sector banks bancassurance business in relation to the branch network and total income of the bank. Article concludes that as bancassurance business of private sector are not producing much revenue for the bank it is still in its infant stage, as such private sector banks should frame such policies and products which will increase their bancassurance income. Authors have emphasized on the need to create bancassurance strategies to use strength of branch network in bancassurance income generation, training to banks staff to motivate customers to take insurance products. At the end it is concluded that innovation is the mantra which generates income it could be in product, process, procedure etc.

2.5 BANCASSURANCE AS A MARKETING STRATEGY

Selling insurance products requires real skill. Different strategies are required to capture different customers segments, marketing strategies are most important as bancassurance is depending on it. Hence, review covers the article focused on marketing strategies of bancassurance.

⁴⁴Ajaydeep Singh Brar and Satinder Singh (2016), “Bancassurance a study in relation total income and branch network of private sector banks in India” IOSR Journal of Business and Management (IOSR-JBM), pp. 43 – 47.

L. A. A Van Den Bergh, et al (1999)⁴⁵ are of the opinion that among all the convergence of financial service industry, convergence of banking and insurance has received widespread attention among both the academicians as well as in the business literature. For the study authors have classified research into six chapters, first chapter discusses the convergence in the financial service industry, second chapters dealt with convergence at the distribution level, third chapter throws light on banking and insurance convergence, in the fourth chapter integration at other levels in convergence of banking and insurance sectors is discussed. In the last authors offered suggestions, the research work is concluded by stating that, financial convergence offered a number of advantages as well as disadvantages also, others were more pessimistic about the outcome of this evolution in the financial sector.

From the work of Anabil Bhattacharya (2004),⁴⁶ has thrown light on the various marketing channels of insurance and quoted that with the entry of private players and collaboration with foreign companies' insurance penetration rate in India has increased from 1.02% in 1999-2000 and in 2007-2008 4% of GDP and in 2015 expected to be 6%. In 2007-2008 India's life insurance business grew by 14.2 percent in terms of US dollar in 2007-2008. It is concluded by stating that customers make their buying decision based on their own perception of a value of a product. Issues which need to be essentially satisfied in marketing of insurance products in India have been focused such as innovative products, image of insurance company, insurance as customers requirement and providing to customer's satisfaction and delight.

⁴⁵L. A. A. Vanden Bergh, K. Verweire and S. W. R. Carchon (1999), pp. 01 – 04. Accessed from <http://www.oecd.org>finance.pdf>

⁴⁶Anabil Bhattacharya (2004), Indian banks entry into insurance sector, The Insurance Times, Vol. XX, Issue 2), pp. 03 – 04.

In a research paper of J. David Cummins et al (2006)⁴⁷, investigate the wave of consolidation in the United States, along with U.S agent / broker market from the past 15 years. By considering the merger and acquisition, we consider the changing structure in the agent / broker industry to understand in a better way how these different players are evolving in the insurance market. The study includes the important regulatory as well as market changes which includes banks entry into insurance sector, brokerage industry investigation regarding anti-competitive practice. They compared the abnormal stock returns resulted from focusing transitions, bancassurance and vertical integration in the study. A proper distinction between life- health and in case of property -casualty agency/ brokerage is required. The result of the study indicated that agency/broker consolidation has led to tremendous effect on shareholders and especially on bank shareholders that pursue bancassurance as a strategy.

In an article by A. Karunakaran (2006)⁴⁸ explored the bancassurance model's scope as a feasible source of fee-based income to the banking sector in the Indian context by exploiting the synergy. India has a largest network of banking on the one hand and low density and insurance penetration on the other hand. This article analyzes the banks present trend of handling insurance products. Some general as well as specific issues have been highlighted from regulatory and supervisory point of view. The article concludes that in future bancassurance will become a norm rather than an exception in India and it will be a win-win situation for all the three parties – the banks, insurance companies and the customers.

⁴⁷J. David Cummins, Mary Weiss, A., Xiaoying Xie (2006), Market Concentration, Vertical Integration and Bancassurance: Consolidation and the Insurance Middleman, ARIA Annual Meeting, Washington, D. C, August 4, 2006, pp. 01 – 47.

⁴⁸Karunakaran A. (2006), Bancassurance: A Feasible strategy for Banks in India?, Reserve Bank of India, Occasional Papers, Vol. 27, No. 3, winter 2006, pp. 125-162, JEL: G21, G22.

In a study by Bijal Dwivedi Mehta (2010)⁴⁹ focused on the natural synergies of bancassurance between banks and insurance companies. With the expansion policies of bank branches in remote areas banks have their branches in remote areas also. Even though the regulatory frameworks are made by both RBI and IRDA are favorable for bancassurance. Restrictions regarding the foreign share ownership limit the bancassurance choice. Many foreign insurance companies are interested to make banks branches as their main insurance distribution channel; it is possible only through smooth flow of information between customer database of the banks and their insurance partners. India has realized the importance of life insurance not just as an investment option but also as a security measure. The agency model is still dominating the market and will continue in the future also. The study is concluded by offering certain suggestions in the areas such as customer requirement, market reputation, and brand synergy of the partner company and bank reach to the untapped areas; these are the areas to be focused by bancassurance partner.

From the work of Benoist (2011)⁵⁰ examined the three factors. i. The key factors influencing the bancassurance operation in Mainland China and Taiwan, ii. Weightage of each key success factors and iii. To identify the performance gaps (performance-key success factors). Analytical hierarchy process has been adopted to build framework of key success factors of bancassurance, performance of each and every key success factors for bancassurance is identified by using importance performance analysis and it is found that (strategy maker should allocate the resources only after analyzing the strength and weakness of their bancassurance strategy), the key factors for bancassurance success and for the importance level of bancassurance are almost the same for both Taiwan and Mainland China market. The study does not suggest the same strategy to bank's and insurer's in Taiwan and Mainland China Market. So, the market maker should allocate

⁴⁹Bijal Dwivedi Mehta and Panwar, J. S. (2010), A study of Bancassurance as a Distribution Channel for Marketing of Insurance Product, Ph. D. thesis submitted to Sardar Patel University.

⁵⁰Benoist (2011), An examination of key factors influencing bancassurance success – Taiwan and Mainland China evidence, The service Industries Journal, Vol. 31, No. 11, August 2011, ISSN: 0264-2069, ISSN: 1743-9507 (Print), pp. 1887 – 1902.

the resources only after analyzing the strength and weakness of their bancassurance strategy, accordingly the author has suggested the marketer in China market to exert great effort to improve performance in creation of integrated group and joint venture, maintain high level of performance in short term product innovation, service quality, sales promotion and small subsidiary set- up cost. For Taiwan the bancassurance strategy are to put greater efforts in sales promotion and service quality to maintain high performance level in product innovation, creation of integrated groups and marketing partnership.

In an article by Sumathi Kumaraswamy (2012)⁵¹ focused on the bancassurance business in Indian bank and found that customers' needs are getting sophisticated they prefer convenience and all financial products under one roof. Hence, bancassurance is the suitable channel to enhance customer's satisfaction and to retain customers and it has been concluded from the study that as there is large number of policies which are in force, its offers opportunities to India. As insurance markets is saturated in the developed countries, it made Indian market more attractive for global insurance players. She also suggested that with the higher usage of information technology and customer sophistication, bancassurance will play a vital role in the growth of life insurance in future.

From the work of Shivani Gupta et al (2012),⁵² have been found that bancassurance success is greatly depending on banks ensuring excellent bank customer's relationship. Hence, banks have to strive in this direction; the changing mindset of customers is flowing in this direction. Hence, this is the right time for banks to resort to bancassurance especially in the circumstance of proactive policy of regulatory

⁵¹Sumathi Kumaraswamy (2012), Bancassurance: Tapping of Insurance into Banking Pursuit, International Journal of Scientific and Research publications, Vol. 02, Issue 7, July 2012, ISSN: 2250 – 3153, pp. 01 – 05.

⁵²Shivani Gupta, Ajay Jain and Anubha (2012), Bancassurance - A new feasible strategy in Banking and Insurance sector moving fast in India, International Journal of Research in IT and Management (IJRIM), Vol. 02, Issue 2, February, 2012, (ISSN: 2231-4334).

authorities and the government. Unlike other developed countries Indian banking sector is still branch and manually operated oriented, highly mechanized and fully automated banking channels (internet ATM'S) are more helpful for flourishing bancassurance. Regulators by allowing banks to tie- up with more than one insurance partner provides opportunities to the customers to get wider choice. Banks have recognized the bancassurance potential in India along with acting as distribution channel. In the long run bank will take equity stake in the insurance companies. Similar trend has been observed in United Kingdom where bank started as insurance distribution channel and afterwards moved to fully owned subsidiaries of insurance. In future bancassurance will emerge as a norm rather than an exception. Through proper co-ordinate between the supervisory authorities, supervisory concern can be solved. Both at the Institutions and at the regulators level there should be proper identification of activities. Adequate training along with sufficient incentives could avert bank staff resistance. Bancassurance strategy in future will be a win- win situation for all the three parties involved i.e., banker, customer, and the insurance company.

Nirjhar Manjumdar (2014)⁵³ is of the opinion that insurance sector has developed and even insurance density, penetration, and awareness have been increased in India. Author has made a comparison between private insurance and LIC and stated, how LIC used “emotion bond” and private insurers used “value proposition” to sell insurance products. Bancassurance was the most favored distribution for both private insurance and LIC, 14.96% of LIC business is through banks and 78.69% through tied agents. In case of new business in respect of individual policies, LIC secured 2.54% where as private insurance secured 99.45% (Canara HSBC). In case of group insurance, LIC procured 0.36% and private (Star Union Dai-Chi) 100.00% as per IRDA annual report 2012 through bancassurance. He has also mentioned the presence of bancassurance in the matured market of the world such as, France, Spain, Europe, where insurance products are sold by bank as a part of banks financial products, according to Zeb/ EFMA

⁵³Nirjhar Majumdar (2014), How bancassurance can help to tap huge untapped potential of insurance market of India, The insurance times, May edition, ISSN: 0971-4480, pp. 32-37.

latest report 41% of revenue of banks is from insurance selling in matured markets now, 5% in “market of transition” and only 2% from developing markets. This shows that bancassurance channel has enough scope and role to tap untapped insurance market and even LIC has tied up with 34 major commercial banks, one policy sold through bancassurance channel is equal to 3 policies sold through agents.

Rupali Satsangi (2014)⁵⁴ made an exploratory study to know the bancassurance effectiveness based on three dimensions i.e., the motivating factors behind bancassurance, bancassurance potential benefits, and bancassurance implementation problems. It has been revealed that greater fee-based income, effective utilization of the resources, improved profit margins are the motivational factors for banks to enter into bancassurance, existing market expansion, ready client base access, banks brand name motivates insurance companies for bancassurance business. From the view point of the customer’s, study revealed that more benefits and authenticity are the reasons for customers to prefer bancassurance. Author concludes the article by stating that in India bancassurance partnership is successful as by entering into bancassurance both the parties will be in win- win situation and both the parties can lose nothing.

Tapas Kumar Parida (2014)⁵⁵ stated that insurance penetration and density in India has been increased from 2.3% in financial year 2001 to 3.4% in financial year 2012, but it is low as compared to developed countries. He has also focused on IRDA report where insurance business by bank was 25% when compared to 8% from other channels in 6 years (2006-07 to 2011-12) which was again low than developed countries. He has also focused on budget 2013-14 in which financial ministry has permitted banks to act as broker rather than agents. Even after 14 years of its origination,

⁵⁴Rupali Satsangi (2014), An analysis of effectiveness of bancassurance as a distribution channel in India, Delhi Business Review, Vol.15, No. 1, (January-June 2014), pp. 41 – 52.

⁵⁵Tapas Kumar Parida (2014), Banking with Insurance in India: Agency or Broker, The Insurance Times, pp. 18 – 20.

bancassurance in India (In 2000 originated, picked up in 2002) only 22% of Indian's have insurance coverage which provides an opportunity for bancassurance in India.

Nirjhar Majumdar (2014)⁵⁶ has made an empirical study and offered practical strategies for banks, insurers and intermediaries to develop bancassurance. The strategies include emphasis on bank employees to sell insurance products. Since in India 90% of employees work in unorganized sector with little retirement benefits and 98% of medical expenses in India are paid out of the pocket. These two factors provide ample opportunities for bancassurance, to increase its insurance business. LIC has appointed some FSE's (Financial Service Executives) who are trained, who provide service to customers who have taken policies under bancassurance, there should be huge publicity regarding insurance companies tying with banks for bancassurance. Experienced and knowledgeable agents should be retained, as still there are 83% households are uninsured in India. Insurer can create positive climate by creating awareness and education campaign though out the country together with bank officials in the bank premises, are the strategies suggested by the author for the future prospects of bancassurance in India.

Nirjhar Majumdar (2014)⁵⁷ focused on the scope of bancassurance in tapping the untapped potentials of Indian insurance market. The article has compared three distinct distribution channels of bancassurance, direct marketing, agents and corporate agency (bank). Author is of the opinion that direct selling will be successful in mature market, agents are not professionals and are not confident to meet high value and NRI customers, and they usually sell in the local areas and to the known clients. He has also provided statistics in which different insurance companies have deleted their agents, but in order to insure, uninsured market another channel called bancassurance will be

⁵⁶Nirjhar Manjumdar (2014), How Bancassurance can help to tap huge untapped potential of insurance market in India, The Insurance Times, July edition, ISSN: 0971-4480, pp. 25 – 29.

⁵⁷Nirjhar Manjumdar (2014), How Bancassurance can help to tap huge untapped potential of insurance market in India, The Insurance Times, June edition, ISSN: 0971-4480, pp. 28 – 35.

successful. Author has also focused on the 2011 IRDA report on bancassurance, where bank is considered to reach 82% of Urban and 59% in rural and semi-urban region. This report also offers various reasons for the next level growth of insurance through bancassurance in India.

Emilia Clipici and Catalina Bolovan(2014)⁵⁸ have focused on the various forms and the evolution of bancassurance in Europe. Before the financial crisis, bank's income was primarily dependent on the lending activity, but after financial crisis banks have diversified revenues and identified potential partnerships with insurance companies, both bank and insurance companies have found common need to optimize the bank structure and distribution channel efficiency in Europe. From the study it had been concluded that the diversification in the related sector by the financial institution should lead to reduction of systematic risk. It will benefit bank in reduction of volatility and insurance company will get additional capital to cover the solvency level permanently. The European area witnessed a gradual and progressive trend in the financial system, a proper balance of risk and opportunity started in the favor of bancassurance. Bancassurance brought benefits to bank as well as to insurance company in terms of competition and it also resulted into common benefits such as increase profit, increase in client base, existing client retaining and new product creation.

Tripti M Gujral, and Shirish R, Kulkarni (2014)⁵⁹ had made an extensive study to analyze the impact of bancassurance and observed that India is a country having a diverse set of population one side and the problems of connectivity on the other side. It has been assessed from the study that even though bancassurance concept is still in its infancy stage but nowadays it is gaining recognition. Insurance companies are using bank channel to earn huge portion of income from bank, in some of the bank branches

⁵⁸Emilia Clipici and Catalina Bolovan (2014), Bancassurance - Main insurance distribution and sales channels in Europe, Scientific bulletin - economic sciences, Vol. 11, Special Issue, pp. 54 – 62.

⁵⁹Tripti, M. Gujral and Shirish, R. Kulkarni (2014), Impact of bancassurance products on banking business in India-An in-depth study, Ph. D. thesis submitted to The Maharaja Sayajirao University of Baroda, Gujarat.

income from insurance is more which offers scope for bancassurance, even though the study has covered only private and public sector banks but there is a scope for bancassurance in co-operative and foreign bank also. It has been concluded from the study that bancassurance has not been utilized to the fullest in India, bancassurance bridge has been built and banks and insurance companies have started taking cautious steps to cross it.

In a research thesis by Bhalla G. S. (2014)⁶⁰ focused on the concept of bancassurance both from the customers and bankers' perspective. It has been analyzed from the study that there is a great scope for bancassurance from banker's perspective. It also creates a major impact on the financial service industry, provide one stop shop for financial products to customers, help banks to face competition from international market, risk free source of income, it will lead to increase customers loyalty and retention, reduces NPA risk, employees productivity will be enhanced, bank infrastructure can be used effectively, synergy of bancassurance can be achieved if certain percentage of customers purchases insurance products from the bank and bank employees involve in selling of insurance products with true spirit.

In a research thesis by Ashumani Chugh, and Jagdeep Singla (2015)⁶¹ analyzed the effectiveness of bancassurance practice and found that banks are an instrument for the insurance company to earn income and insurance companies are taking a huge portion of earnings from the banks which offer scope for bancassurance in India. India has also need to change from traditional insurance distribution channel to modern insurance distribution channel; hence bancassurance has a role to play. Huge customers database, customer's financial profile, personal contact with customers will help banks to earn fee income and for customers it will be one stop shopping.

⁶⁰Bhalla, G. S. (2014), Bankers and customer perspective on bancassurance in Punjab: A study of Selected Public and Private Sector Banks Nidhi Grover (R), Ph. D. thesis submitted to Gurunanak Dev University.

⁶¹Ashumani Chugh and Jagdeep Singla, (2015), Effectiveness of Bancassurance Practice: A study of public sector banks in India, Ph. D. thesis submitted to Maharshi Dayanand University.

N. Santosh Ranganath et al (2017)⁶² have made an extensive study and analyzed that, even though the bancassurance concept is new in India, but it's incredible potential shows that in India bancassurance has a bright future. To meet the diversified needs of the customers various innovations have been taken place in the insurance sector. It has been analyzed from the study that bancassurance application in bank will create sales culture which will be beneficial to promote banking and other financial products. Through this article authors have made an attempt to evaluate the bancassurance performance from the banker's perspective, by taking into account various business-related parameters. It has been found from the study that bancassurance accounts for 35 percent to 40 percentage shares of the income from premium in India amongst the private players. Banks have been suggested to understand the needs of the customers and to strive for continuous growth.

Rani Sri Agustina (2019)⁶³ has analyzed through the study that Banking and Insurance sectors are two distinct financial institutions both in terms of business as well as in terms of principles. Through referential activities both of them undergo a co-operation known as bancassurance. Marketing activities of insurance products is carried out by banks by selling bundled products to bank customers. In bancassurance bundling which is a marketing activity is done through product integration. Bundling activities of banks should be supervised by KPPU (The Commission of business Supervision and Competition) is so far supervising the bundling activities because in Indonesia, as still there has not been any specific regulations on tying and bundling agreements in banking products. Tying agreements of banking products come under the regulation of the Constitution No.5 of 1999. The article concludes that banking institutions have a strategic position in the economy. Author also insisted banks to maintain the strategic

⁶²N. Santosh Ranganath, et al (2017), Performance evaluation of Bancassurance – An empirical study on bankers' perspective, *Global Journal of Business Management*, Vol.11, Issue 11, pp. 01 – 09.

⁶³Rani Sri Agustina (2019), Bundling products as a cooperation agreement between bank and insurance companies (Bancassurance in relation with unhealthy business competition), *Legal standing Journal Ilmu Hukum*, Vol. 3 (2), pp. 70 – 78.

position to create healthy competition and efficient economy for the customers, as well as to the business actors. It will also serve as a good contributor to achieve country's economic development.

Tripti M Gujral (2018)⁶⁴ pointed-out that how creativity and innovation could become an effective tool for marketing of insurance products through bancassurance channel. Marketing of insurance channel through banks is the new phenomenon which is still in initial stage. The study concluded that bancassurance success is largely depends on the understanding level of the banks and insurance companies while designing insurance products as per customers requirement and disposal of the same product at the customers' convenient place.

2.6 BANCASSURANCE SWOT ANALYSES

Every business is having its own Strengths, Weaknesses, Opportunities and Threats. This Section focus on how company utilizes its strengths, overcome its weaknesses, exploits opportunities and frame strategies to overcome from the threats.

Manoj Kumar (2003)⁶⁵ focused on the SWOT analysis of bancassurance, focus has been done from the perspective of India. Among the factors which contributed for the strength of bancassurance are India's population, huge skilled professionals and these factors have been considered in the study. Whereas missing of IT culture, middle-class population overburdened due to inflationary, tax, inflexibility of the product is also one of the weaknesses of bancassurance. Large customers database provide opportunities for bancassurance. In case of threats, Changes in the thinking, approach and work culture, and non-response of target customers and capital market investors can take their face off if rate of interest fall than the existing rate of return.

⁶⁴Tripti, M. Gujral (2018), Contemporary prominent development of bancassurance in India, Research Review International Journal of Multidisciplinary, Vol. 03, Issue 10, pp. 731 – 738.

⁶⁵Manoj Kumar (2003), Swot Analysis of bancassurance, accessed from [http://www.einsuranceprofessional .com](http://www.einsuranceprofessional.com)>ppune, pp. 1 – 32.

Sumathi Kumaraswamy (2012)⁶⁶ examines the bancassurance prospects on the basis of perception of respondents towards bancassurance, its strengths, weaknesses, various opportunities and threats associated with bancassurance are considered. The Indian banking industry play a vital role in the development of the Indian economy is now facing the relevant issues to cope up with the various challenges of globalization. Financial sector deregulation, liberalization, higher usage of financial engineering techniques and models, advancement in the technology and changes in the needs and preference of customers has led to higher competition in the banking sector. With the increased competition banks are facing difficulties to sustain, succeed as well as to retain customers. Hence, banks have to look for other avenues such as foreign exchanges, mutual fund and stock broking facilities along with the sale of insurance products to generate fee income along with enhancement in customer's service. It has been concluded that to diversify and to increase fee income by leveraging customer's database bancassurance provides an ample opportunity to bank. On the basis of respondents rating bancassurance has a bright future. Bancassurance helps customers in the form of lower price, products diversification, quality products at the customer's door step. With higher usage of technology, enhanced customers sophistication, bancassurance will play an importance role in growth of life insurance in future.

Venkatesh U Rajput (2013)⁶⁷ explored the various concepts of bancassurance such as, bancassurance importance, reasons for the growing phenomena of bancassurance, insurance market in India, bancassurance SWOT analysis and bancassurance model, its channel and RBI guidelines for banks to enter into insurance. It has been concluded that banks are recognizing the potential of bancassurance and in the long run they will take equity stakes in insurance company. In future, bancassurance will

⁶⁶Sumathi Kumaraswamy (2012), SWOT Analysis for Bancassurance: Application of Confirmatory Factors Analysis, Review of Research, Vol. 01, Issue 11, pp. 1 – 4.

⁶⁷Venkatesh Rajput, U. (2013), Research on Bancassurance, International Journal of Scientific and Research, Vol. 3, Issue 07, ISSN 2250-3153, pp. 01 – 06.

became a norm rather than an exception in India. Adequate training and sufficient incentives could help to overcome the banks staff resistance to implement bancassurance.

D Rajasekar and T. Hymavathi Kumari (2014)⁶⁸ have made a SWOT analysis of bancassurance and found that the scope of retail banking has been broadened by the introduction of bancassurance. The main driver of bancassurance as per IRDA is the private sector companies both in the insurance and as well as in the bank. Private insurance companies consider co-operative and regional rural bank as a cost-effective channel to enter into rural communities and to full fill the obligations of the rural sector. The article focused on the bancassurance, its scope, origin, need and bancassurance SWOT analysis in India. It has been concluded from the study that, bancassurance success is greatly depends on banks ensuring excellent relationship with customers. So, banks need to stride in this direction. There is a change in the mindset of the customers, and this is the right time to bank to resort to bancassurance especially in the proactive policy environment of the government and the regulatory authorities. It is a hard fact that banks are still in India are manually and branch operated, for the flourishing of bancassurance, highly mechanized, automated banking channels such as ATM'S, internet banking etc. are very essential.

Mahesh Kumar and Ramakrishna (2014)⁶⁹ conducted a study and revealed the strategy and challenges of the Indian bancassurance. The research showed that banks can have sustainable fee income through bancassurance as banking sector has vast geographical network and customer database with it. On the other hand, with lower level

⁶⁸Rajasekar, D. and T. Hymavathi Kumari (2014), Bancassurance in India A-Swot Analysis, International Journal of Business and Administrative Research Review, Vol. 1, Issue 5, E-ISSN: 2347- 685x, ISSN: 2348-0653, pp. 227 – 234.

⁶⁹Mahesh Kumar, S. and Ramakrishna, N. (2014), A Study on Analysis of India Bancassurance – SWOT Strategy and Challenges, International Research Journal of Management Science and Technology, Vol. 5, Issue 5, pp. 163 – 174.

of insurance penetration, banks can easily tap the uninsured and untapped customers within it.

S. Saravanam (2016)⁷⁰ has made a SWOT analysis of bancassurance. He has considered bancassurance to be a saga in the insurance industry of India in the future. Bancassurance analysis is made by using SWOT analysis. To filter bancassurance process and to gain maximum potential, various components of the SWOT analysis has been given equal importance. Article is concluded by stating that insurer has to analyze the bancassurance channel merits and demerits which will help immensely for resources planning as per channels requirements, it also helps to plan contractual terms to enhance the channel effectiveness, to ensure smooth functioning of bancassurance channel. Hence, insurer has to analyze bancassurance channel, internal and external environment for successful functioning.

2.7 BANCASSURANCE PRACTICE

Various banks in India are practicing bancassurance as a new financial product at their bank counter. Hence, review covers the articles focused on bancassurance practice.

Abhiruchi Arora and Manish Jainin (2013)⁷¹, their research work focused on the contribution of the banking sector to the Indian economy, its contribution to the increasing GDP to cope up with the competition and to maintain GDP banking sector is trying to adopt alternative measures to maintain fee-based income and GDP, bancassurance is one such channel. They also explored the bancassurance impact on performance of banks and motivational factors behind bancassurance adoption by comparing fee-based income prior and post to bancassurance adoption of selected banks using CAMEL model. It has been concluded from the article that both bank and

⁷⁰Saravanam, S. (2016), Bancassurance Channel- A SWOT Analysis, Abhinav National Monthly Referred Journal of Research in Commerce and Management, Vol. 02, Issue 04, pp. 01 – 05.

⁷¹Abhiruchi Arora and Manish Jain (2013), An Analysis on contribution of bancassurance on financial performance of bank of India, Journal of Economics and Sustainable Development, Vol. 4, Issue 6, ISSN: 2222-1700 (Paper), ISSN: 2222-2855(Online), pp. 24 – 35.

insurance companies depend on each other for performance and there is a positive impact of bancassurance on the bank financial performance.

In an article by Lalat K. Pain and Sukhamaya Swain (2013)⁷² have focused on the various aspects of bancassurance such as different bancassurance models, bancassurance in the various countries, bancassurance in India, its regulation, bancassurance benefits in various countries, its status. It also quoted the “world economic forums report” on financial developments 2012 specifying India as top countries in case of life insurance density followed by China, Japan, United States and United Kingdom. Finance Ministry announcement in October 2012 which allowed banks to sell more than one company insurance products to provide wider choice to customers and will lead to less miss - selling are in favor of bancassurance. Banks database is very large and strong if it is properly used it will help to generate more lead both for life and non- life insurance products, all the above development will help for the bancassurance prospects in India.

In an article by Rakhi Dutta (2013)⁷³ considered bancassurance as a most preferable avenue for multiple fee- based income of bank, when banks are struggling for their profitability. By considering the example of HDFC bank (case study), which is a second largest private sector bank and has also won three awards. The article attempts to understand how HDFC banks have performed in bancassurance business, bancassurance contribution to its profitability, HDFC bancassurance model, its various bancassurance products, bancassurance practice at HDFC banks and growth of bancassurance in India. It has been concluded from the study that in the future there is no doubt that bancassurance will retain its status as a major revenue generator especially in the situation when there is dynamism in this sector due to the changes in the needs of

⁷²Lalat K. Pain, and Sukhamaya Swain (2013), Bancassurance and Indian Banks, International Journal of Research and Development – A Management Review, (IJRDMR), ISSN (print):2319-5479, Vol. 2, Issue 1, pp. 11 – 19.

⁷³Rakhi Dutta (2013), Profit generation with Bancassurance: A case study of HDFC Bank, Anvesha, Vol. 6, No. 2, ISSN: 0974-5467, pp. 17 – 23.

customers and scope keeping in mind the expansion of bank branches and low penetration of insurance in India. Finally, it is concluded that in future, time will tell the extent to which bancassurance will continue to contribute as a source of revenue to bank.

Nidhi Grover and G.S Bhalla (2013)⁷⁴ have made an attempt to measure the profitability gains from the bancassurance business by considering case study of SBI (State Bank of India). To analyse the bancassurance impact on the State Bank of India financial performance CAMEL indicator approach has been employed. The analysis revealed that the bancassurance implementation has improved almost all the components of the CAMEL model, significantly but with the exception of four indicators such as, non-interest income (NII), Capital Adequacy Ratio (CRAR), Return on equity (ROE), Return on Asset (ROA). It has been concluded from the study that in SBI as each and every indicator of the study has revealed positive result, bancassurance implementation has done a great job. So, it is necessary to be optimistic regarding bancassurance role in the future in India. Benefits of bancassurance appear clear, Prima facie to all the participants of bancassurance, at the same time the area of conflict should not be ignored. The success of the bancassurance partnership is largely depends on the right selection of bancassurance model. It is also important to ensure by this model that bank remain committed to promote as well as to distribute insurance products. There is a need for commitment from senior management and operational staff; in terms of strategic inputs from senior management and Operational staff should provide the front end for these types of products. Regulatory issues should be addressed and sorted out particularly related to market structure problems and competition.

In a study made by Paramasivan and Kalpana Naidu (2014)⁷⁵ highlighted the rapid changes which has taken place across the world in the banking and insurance

⁷⁴Nidhi Grover and Bhalla, G. S. (2013), Profitability Gains from Bancassurance: A case study of State Bank of India, *International Journal of Banking, Risk and Insurance*. Vol. I, Issue 2, pp. 55 – 61.

⁷⁵Paramasivan, C. and Kalpana Naidu, C. (2014), A study on role of bancassurance in Indian life insurance business, *SELP Journal of Social Sciences*, Vol. 05, Issue 20, pp. 07 – 11.

sector observed that the insurance companies and banks are significantly contributing to the GDP of the economy. They noted that through bancassurance all insurance companies adopted bank as a distribution channel to reach huge untapped insurance market. They concluded the article by stating that even though the bancassurance concept is unknown form of insurance distribution channel it is through this channel the major portion of the population contributed for 10 percent of insurer's premium income in the private sector. It has been suggested to create more awareness about bancassurance to the untapped uninsured population of the bank customers. Hence, there is a wide abundance scope for bancassurance growth and expansion

Puneeth Bhushan and Mohd. Abbas Murtaza (2014)⁷⁶ identified that through bancassurance channel, banks can diversify their products and get additional income, insurance companies can increase their market penetration by entering banking sector and can rip the benefit of the trust the bank has gained by its customers and customers can have access of quality product at reduced price with expertise guidance.

Tripti M. Gujral (2015)⁷⁷ while analyzing the impact of bancassurance on Indian banking sector stated that bancassurance is a process through which insurance product are distributed through banking channel after convergence with insurance company. The author analyzed the impact of bancassurance in terms of additional risk fee income and sustainable income to banks, higher market penetration to insurance company and availability of wide range of products to customers under single roof offers scope for bancassurance.

⁷⁶Puneeth Bhushan and Mohd. Abbas Murtaza (2014), Bancassurance: The Indian Scenario, International Conference on Emerging Paradigms and Practices in Global Technology, Management and Business Issues, accessed from <https://www.researchgate.net/publication/275291334>,

⁷⁷Tripti, M. Gujral (2015), An Impact of Bancassurance Product on Banking Business in India, accessed from <https://www.researchgate.net/publication/330036298>.

Bhavan Sharma and Ruchika Bhateja (2016)⁷⁸ have examined the scope of bancassurance in Indian banking sector and insurance sector, the study showed that insurance companies have to use banking network to penetrate insurance market through bancassurance. The study suggested for the development of customer centric approach to align both banker as well as to the insurers. Further, the study also suggested managers of insurance companies to establish synergic relationship with banking sector as banking sector in India has deep root in urban as well as in rural areas also where insurance companies can use the infrastructure of bank to reach the uninsured and untapped population with the help of customer's database.

Muthumari A. and Pushpaveni K. (2017)⁷⁹ studied the customer's service loyalty towards bancassurance and noted that bancassurance is a tool to deepen market penetration as well as for premium turnover. The study analyzed that customer feel that banks were supposed to resolve the problems and also to update the services in providing bancassurance. The study also suggested for the development in bancassurance services through adoption of new technologies, banks to be accurate, reliable and also helpful in gaining customer's confidence leading to better connectivity of customers with the banks enabling banks to take up faster and more convenient customer services.

Damayanti G. Shinde and Salve T. N. (2018)⁸⁰ considered the various bancassurance models used by the banks and the insurance companies in India. For the research five major nationalized banks are considered such as the state bank of India, Bank of Maharashtra, Bank of India, Union Bank of India, Central bank of India. It has

⁷⁸Bhavna Sharma and Ruchika Bhateja (2016), Bancassurance in India: Promising Distribution Network of Insurance Industry, Pacific Business Review International, Vol. 1, Issue 4, pp. 89 – 95.

⁷⁹Muthumari, A. and Pushpaveni, K. (2017), A Study on Customer Service Loyalty Towards bancassurance of Public and Private Sector Banks in Virushunagar District, Tamil Nadu, Journal of Emerging Technologies and Innovative Research, Vol. 4, Issue 12, pp. 385 – 392.

⁸⁰Damayanti Shinde, G. and Salve, T. N. (2018), Bancassurance Models preferred by nationalized banks, Journal of Commerce and Management Thought, Vol. 9 – 2, ISSN: 0975-623X, Online (0976-478x), 2018, pp. 192 – 199.

been concluded from the study that among the four nationalized banks, the effect of conventional insurance distribution channel on the insurance distribution system is considered to be more viable. Among the bancassurance usage LIC has (2.75%), as per the method of total insurance distribution 41% is of private insurance delivery service in between 2013 and 2015, S.B.I has used 34%, 38% and 41% of the bancassurance distribution channel. Managing director of the banks has the right to choose bancassurance model. Wide choice to sell insurance policies is given to the bancassurance. In the matter of managing post insurance services related activities banks are avoiding. Banks have hesitation in taking bancassurance risk.

In the research article by Elds Marzai (2018)⁸¹ highlighted that the adoption of bancassurance as a new product distribution channel has not only strengthened the competitive environment but has also satisfied the consumer's requirements. The study observed that the trust of the customers on bank as a financial institution is more responsible for the sustainability of bancassurance in India. Further, the study analyzed that bancassurance was the new way to get connected with the customers, build relationship with them and to promote a wide range of new products with no geographic agents.

Deepalakshmi M. and Kavya K. (2019)⁸² revealed that with the rapid growth of banking sector and insurance industries in the present economic scenario, the application of new technologies and banks entering into non-banking activities like insurance sector opened the new channels in the area of distribution of insurance products. In their study the authors have made an attempt to study the awareness level with regard to the motivating factors to adopt bancassurance.

⁸¹Elds Marzai (2018), Bancassurance in a Digital Era, Proceedings of the 12th International Conference on Business Excellence, pp. 601 – 611.

⁸²Deepalakshmi, M. and Kavya, K. (2019), Policyholders Perception on Bancassurance – An Analytical Study, IRE Journals, Vol. 2, Issue 8, pp. 114 – 118.

Prabha Devi P (2019)⁸³ revealed the presence of abundant scope in the way of bancassurance adoption and implementation in India. It has been found from the study that with the banks existing customers data base, bancassurance has a great opportunity to enter into uninsured population segment. Suggestions have been made to create bancassurance awareness among the customers and to motivate them to buy insurance products. It has been noted that in India existence of huge youth population can provide opportunity by creating one stop solution through digitalization to the customers.

2.8 RESEARCH GAP

An extensive review of literature has been carried out by the researcher and it has been found that majority of the studies are either on Bancassurance as marketing distribution channel, effectiveness of bancassurance, emergence, impact, opportunities and challenges. Few studies have been done in the articles regarding bancassurance synergy, but not an exhaustive study has been done regarding synergy creation by bancassurance, and it is also evident from the literature review that no study has been made on the topic that is chosen for the study entitled “A study on functional synergy created by the integration of Banking and Insurance sectors” and its scope and objectives. Hence, an attempt has been made to fill the research gap that is existing at present.

⁸³Prabha Devi, P. (2019), Bancassurance: A marketing perspective, International Journal of Civil Engineering and Technology, Vol.10, Issue 12, pp. 2093 – 2102.

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CHAPTER 3

BANCASSURANCE PRACTICE IN INDIA – AN OVERVIEW

3.1 INTRODUCTION

The year 2000 turned out to be a milestone year for insurance sector in India due to the initiation of Bancassurance which later recorded remarkable progress. With vast area in India along with major portion of the population remaining untapped particularly in rural and remote areas, insurance sector witnessed high degree progress in selling its products both life and nonlife through banks under the window Bancassurance.

The problem of requirement of strong distributive network along with huge manpower in selling insurance products by the insurance company on one side and on the other side, banks with wide network resulting with lower distribution costs than insurance companies provided an opportunity to both banks as well as insurance companies to get into tie-up which made provision of selling insurance products by the banks to its customers. As such, this chapter throws light with regard to the regulator norms in practicing bancassurance in India, various bancassurance models and bancassurance practices practiced in India by public, private and foreign sector banks particularly with regard to shareholding patterns of insurance companies in banks and banks earning income in the form of commission/ brokerage/ fees through selling of life as well as nonlife insurance products and expenditure incurred in bancassurance.

With the provision to penetrate insurance sector to major portion of the population, insurance companies are at the top most effort to make available insurance products to the common man by selling their products through bank windows. At the same time, bank with the view to perform non-banking functions and generate more income are getting into agreement with various insurance

companies and selling their products to its customers. On the other hand, with the view to make reach insurance to every corner and every segment of the population, RBI intended to have strong and effective system whereby most of the people will find it easy to access insurance products easily. As such, bancassurance was one such effort where through bancassurance the wide banking network spreading all over the country was converted as advanced channels for selling of insurance policies. Through bancassurance, banks were able to increase their income on assets by providing fee-based income which in turn increased the staff productivity on one hand and on the other hand, reduced the operating cost of the banks, while insurance companies were able to establish direct link with the insurer which more effective than the earlier relationship they had with their customers through the agents. Also, the cost paid by the insurance companies to the agents also decreased to the considerable extent when insurance products were sold through bancassurance.

3.2 MEANING OF BANCASSURANCE

In simple words Bancassurance means selling of insurance products by insurance companies in collaboration with banks.¹ Further, it is an agreement between banks and insurance companies where banks become distribution channels for insurance companies to sell their products to bank's customers.² Through bancassurance customers are able to access two different financial services parallelly. Bank and insurance company operating parallelly in selling insurance products to bank's customers witnesses profit not only to the bank and the insurance company but also to the clients as they can avail both banking facilities as well as insurance products under single roof.

3.3 FEATURES OF BANCASSURANCE

Through Bancassurance, bank earns profit or generates additional income without any risk work as under bancassurance, bank will be only responsible to sell insurance products on behalf of insurance company for which it will earn commission. The following are few features of bancassurance:

- 1) Bank sells insurance products on behalf of insurance company,

- 2) It will not be responsible for the non-payment of insurance premium by the clients,
- 3) Banks are supposed to reveal the details of commission earned through selling insurance products in their annual reports,
- 4) Though bank is involved in bancassurance, its main focus remains in banking business,
- 5) Bancassurance will improve the profitability of both banks as well as insurance companies,
- 6) Bancassurance leads to increase life time value of the customers and
- 7) Bancassurance offers two financial services under single roof to bank's customers.

3.4 PRODUCTS UNDER BANCASSURANCE

Life insurance and non-life insurance products are the two major categories of insurance products sold by banks under Bancassurance. Further, under life insurance, term insurance products, endowment plans and unit linked insurance plans are the major ones, while under non-life insurance products, the major ones are health, marine, property and Key men insurances.³

3.5 ADVANTAGES, DISADVANTAGES AND CHALLENGES IN BANCASSURANCE

Bancassurance is beneficial for banks, insurance companies and customers/ clients.

Benefits of bancassurance to banks:

Bancassurance is beneficial to banks as they can generate additional income by providing distribution channels for insurance companies. Apart from this, banks, through bancassurance can obtain the following benefits:

- a) Through bancassurance, banks can witness improved profitability as well as generate additional non-interest income,

- b) Through bancassurance, it's possible to increase customer lifetime value along with customer's loyalty and thereby retain the existing customers and
- c) As banks use the current location and employees to sell insurance products, there will be on additional cost incurred by the banks in initiation of bancassurance. Hence, it is cost-effectiveness.

Benefits of bancassurance to insurance companies:

Through bancassurance, insurance companies can reach more customers by using the existing customer's database in the banks. However, the following are few benefits insurance companies can gain through bancassurance:

- a) Bancassurance enables insurance companies to increase their market penetration which in turn results in high premium turnover,
- b) In bancassurance, the existing customer's confidence on the banks could be more beneficially used by the insurance companies to expand their business and
- c) Through bancassurance by using the existing customer's database, insurance companies could reach wide range of customers with minimum investment.

Benefits of bancassurance to customers/ clients:

Bancassurance saves time as well as energy of the customers as customers can access two different financial services parallelly under one single roof. The following are few benefits that bank customers/ insurance clients gain through bancassurance:

- a) Through bancassurance, bank customers could access insurance products more economically as products could be provided at minimum operational cost on one hand and on the other hand, experts will be available to guide the customers in purchasing appropriate insurance products,
- b) Through bancassurance, customers/ clients are able to get customized products at the right time at the easily accessible location which improves their overall experience and

- c) Through bancassurance, as customers have trust in their existing banks, they would require less trust and dependence on the agents to access convenient insurance products. As the result of expected expert's advice and guidance, easy in renewals of insurance products, policy processing time, etc. customers are able to experience one-stop shopping of both banking as well as insurance requirements.

Disadvantages in Bancassurance:

Though bancassurance is beneficial to banks by generating additional non-interest income, to insurance companies by accessing vast customer's base of the banks and for customers who can access multiple financial services at one singly roof, it has its own disadvantages. Some of the disadvantages in bancassurance are as below:

- a) As bancassurance required more employees the initial investment will be more.
- b) Though banks sell insurance products through their counters, but it can only sell few products.
- c) As bancassurance requires more vision and awareness about insurance products, training for bank employees would be mandatory before and after the initiation of bancassurance.⁴

Challenges in Bancassurance:

Bancassurance is gaining its movement in recent years by reaching wide range of customers. However, the success of bancassurance depends upon how the challenges are successfully met by both banks as well as insurance companies. Some of the major challenges in bancassurance are as follows:

- a) As in bancassurance requires both banks and insurance companies to work with greater coordination, it's a very difficult task to integrated the operational functions of both the sectors.

- b) In bancassurance, as insurance companies don't have direct control in selling insurance products, it might be difficult to insurance companies to formulate marketing strategies.
- c) In bancassurance, bank employees are required to acquire knowledge about insurance products in order to communicate with their customers and solve their grievances for which they require additional training.
- d) Due to digitalisation, bancassurance gradually shifting to online business demands both banks and insurance companies to redefine their products and services in accordance to the requirement of the customers.⁵

3.6 REGULATIONS FOR BANCASSURANCE IN INDIA

Banks encounter a series of problems and challenges in the way of bancassurance. They have to come out with a target segment of customers to penetrate by clearly understanding the requirements of the customers. Bank staff are to be well trained so that they easily convenience the customers to take insurance products. At the same time the insurance products sold by banks are to be well designed in accordance to the requirement of the customers and are to be provided at affordable cost. In doing all these they have to enter into alliance with the insurance companies which depends upon the strength and weakness of a particular bank. As such, depending upon the strength and weakness of the banks and the appropriateness of the insurance companies the mode of partnership depends upon the regulations of the RBI, the regulation of banks and IRDA, the regulator of insurance companies.

3.6.1 RBI Norms

On August 3rd, 2000, under The Banking Regulation Act, 1949, RBI declared insurance as permissible form of business which banks can carried out subject to the guidelines provided by it. As such, all scheduled commercial banks were eligible to incorporate insurance business in the form of insurance agent on fee basis without any risk participation. Further, banks having net worth of ₹ 500 crore with CRAR to be less more than 10 percent and reasonable NPAs along with banks under profit for

continuous three years were permitted to form joint venture companies to do insurance business with maximum equity contribution that a bank can own in any insurance companies to be 50 percent of the paid-up capital. With the prior approval of IRDA/ FIPB with foreign partners contributing up to 26 percent of the equity, more than one public sector or private sector banks were permitted to become a part of the joint venture. However, no permission was given to any subsidiary of a bank to incorporate with any insurance companies. On the other hand, those banks which were not eligible for joint venture were permitted to invest in insurance company not exceeding up to 10 percent of the net worth of the bank or ₹ 50 crore. Further, banks while holding equity in insurance companies and doing insurance business will abide to the rules and regulations of IRDA. Any bank eligible for risk participation in insurance business can perform risk base business after required permission from RBI.

3.6.2 IRDA Norms

As per the norms of IRDA any bank to participate in bancassurance must have minimum paid up capital of ₹ 100 crores. Further, those banks with Chief Insurance Executive handling insurance matters and activities can sell insurance products. Apart from these, staff in charge of selling insurance products are supposed to take mandatory training from the institute authorized by IRDA and those staff successfully getting through the examination conducted by the authority are permitted to sell insurance products in that particular bank. According to the norms of IRDA, commercial banks, cooperative banks and RRBs can become agent or insurance broker any one of the insurance companies.

3.7 CLASSIFICATION OF BANCASSURANCE

The main intention of bancassurance is to provide insurance products to bank customers at bank's counters where banks, insurance companies and customers are benefited in their own ways. The kernel of bancassurance could be traced under various models mainly based either on structural basis or product basis.

3.7.1 Structural Classification

- a) Referral Model,
- b) Corporate Agency and
- c) Joint Venture

3.7.2 Product-based Classification

- a) Stand-Alone Insurance Products and
- b) Blend of Insurance with bank products.

Referral Model

Under this model no banks take up risk of any form. Rather, banks allow the staff of insurance company to operate in the bank premises to carry out insurance activities. Under this method banks through its wide customer data base carry out bancassurance activities through agents or staff of the insurance companies for a nominal fee or commission or brokerage. In India, most of the banks are entering into bancassurance through this model as it is more suitable for all types of banks.

Corporate Agency

Bancassurance activities in the form of Corporate Agency by banks is a type of non-risk participatory distribution channel. Under this, trained bank staff will be carrying out appraisal and selling of insurance products instead of insurance company staff. In this sense, banks acts as a corporate agent of insurance company which carryout bancassurance activities by selling insurance products on fee or commission basis. Banks carryout bancassurance activities as corporate agent will be receiving higher level of commission as compared to commission received under Referral Model. This model is also suitable for most of the banks in India as it based on non-risk participation and not demanding for huge investment can generate considerable income to the bank.

Joint Venture

Under this system, bank considers insurance company as its subsidiary. As such, selling of insurance products will become an additional function of the bank

which it does through establishment of separate counter. SBI from public sector banks and ICICI and HDFC banks from private sectors banks are operating bancassurance under this type.

Stand-Alone Insurance Products

Under this method, banks carryout bancassurance activities either through referral arrangement or as corporate agent. Hence, insurance products are sold as separate products and not mixed with bank products. Rather, insurance products are sold as an additional product offered by the banks to its customers with insurance products having their own identity. For example, Birla Sun Life Insurance as life insurance product and Bajaj Allianz General Insurance as nonlife or general insurance products sold by Karur Vysya Bank Ltd.

Blend of Insurance with bank products

Under this method banks will blend insurance products along with its own products which would be as a value addition. In doing this, banks will be able to sell insurance products with minimum efforts. For example, insurance coverage for credit card and debit card holders at nominal fee. Also, home loans and vehicle loans with insurance coverage.

Bank Referrals

Apart from all these, banks instead of selling insurance products simple provide customer database to insurance companies wherein insurance companies will issue policies for which banks will be paid commission. Under this system, banks are benefited by getting commission, insurance companies for getting customer records and customers getting insurance benefits.

3.8 WORLDWIDE MODELS OF BANCASSURANCE

Though bancassurance models differs from country to country but the basis remains the same as bancassurance is the process of selling insurance products through bank to its customers where both banks as well as insurance companies are benefited by each other. As such, distribution model, join venture and full integration

are the major three models of bancassurance. In distribution model of bancassurance, banks acts as an intermediary for insurance company and also incurs less operating cost. In joint venture model, banks enter into partnership with insurance companies, while in full integration model it incorporates insurance companies as its subsidiary unit. The blend on these models is in existence with slight variations in most of the countries. As such, the following are few major bancassurance models functioning worldwide.

3.8.1 European Model

In Europe bank assumes a significant role in selling insurance products through its own network particularly with regard to life insurance products. Nations like, France, Spain, Italy and so on have a concurrence with the banks to sell the insurance products by means of joint venture or by building up a completely owned insurance subsidiary body. The significant part is that bank staff, after through training, carryout the distribution of insurance products to the customers and the management of insurance assets is carried out by the bank. Further, assistance from insurance representatives will be taken by the bank in case of selling complicated insurance products which are not thoroughly blended with the banking products. The commission earned by the banks can be held by them or some of the time to improve the presentation and inspiration a portion of the commission consequently earned by selling of insurance products can be distributed among the assigned staffs as commission or reward, if they meet the objective. The fundamental attributes of insurance products that are sold through bancassurance model are straightforwardness and direct incorporation of insurance products with banking products which in turn will increase buyer's acceptability. Since, the target population is the bank's customers, the products integration is to be very strong. However, in due course of time bank staffs gets sufficiently prepared to sell different non – traditional or non-life insurance products like medical coverage, motor insurance and so on. To comprehend the hazard related with the consumers in several cases, the banks keep their own insurance underwriter to value the products in accordance to the extent of risk that bank might face from the consumers. This is inevitable with the view that quite few insurance products reflecting bank's recovery

behaviour would be based on the determination of risk associated with the consumer. For rest of the products, where banking products and insurance products are not directly integrated, the banks may opt for underwriting proposals of insurance agencies.

3.8.2 Hong Kong Model

The bancassurance model is a developing pattern in Hong Kong which the capacity of the model producing 35% of the absolute business volume. The banks and the insurance agencies are well on the way to adopt bancassurance as the wholly owned holdings or joint venture. Further, due to stiff competition due to numerous players, banks enter into agreement with any one insurance company to set up bancassurance. The intense rivalry among the different players might be the essential explanation behind this sort of understanding. The distribution of insurance products, for the most part, is managed through bank staffs, however, in rare case designated representatives will sell insurance products on behalf of bank as well as insurance companies. As consumer's satisfaction is more important, representative from insurance companies is felt to be more important under this model who can more effectively understand the risk which are being encountered by the consumers. This is so because the entire bancassurance business might be diluted with wrong product offering. Some of the time, they are likewise ready to offer the altered items relying upon the prerequisite of the customers. With insurance products being of long term as well as short term, customer's requirement varies for which the banks develop their own product without directly entering into agreement with any specific insurance companies. Also, banks prefer to choose the best suitable and best return giving insurance products. Under this model customers are more flexible to apt for those products that will maximise the benefit for them.

3.8.3 Latin American Model

Though most of the Latin American countries are developing economies but bancassurance model in these countries are witnessing high growth and are widely acceptable. Due to low insurance penetration, foreign insurance companies with the view to explore the vast untapped insurance population prefer to get into agreement

with banks as banks have strong business network. As the banks have a solid business system, most of the foreign insurance agencies have come into a concurrence with the banks or some of the time they basically buy the banks to reinforce the distribution system of the insurance agencies. In Brazil, it is mandatory that approved broker is entitled to sell any kind of insurance products and this has demanded the financial agencies to have their own broker who can deal with insurance selling of any particular insurance company. In Argentina, most of the foreign banks that are functioning in the nation, chose to buy a stake in some prominent insurance companies to sell their insurance products and thereby increase their revenue sources. In doing this, they were able to have direct control which would not only help them to achieve the desired result but also thoroughly expand the business. In nations like Chile, the administrative standards tell that a insurance agent should manage any sort of insurance sells considerably under bancassurance model. As such, the banks either train their staffs to get proper authorization from administrative power or they just depute the delegate of insurance agencies who has the position to sell the insurance products in the interest of the banks.

3.8.4 China Model

In the year 2003 due to the implementation of few meaningful regulations in insurance sector by China, banks were permitted to sell insurance products of multiple insurance companies prior to which banks were mere insurance agents in selling insurance products of any one insurance company. Further, banks in china which earlier were selling only non-sophisticated products shifted themselves to sell sophisticated products in the due course of time. As the revised insurance regulation permitted banks to sell insurance products of any companies, banks attained the freedom of providing best insurance products available in the market. At the same time, the anticipated decision by Insurance Regulatory Commission in China with regard to the choice of business model under bancassurance domain recommended banks and insurance companies to opt any one model from exclusive distribution model, joint venture model, establishing a financial holding and development of integrated business line. However, due to vast population and wide untapped

insurance market, insurance market in China had wide scope and potential which could be more profitable with successful implementation of bancassurance model.

3.8.5 Indian Model

The road of bancassurance model in India is moderately new and has got its force after the opening up of the areas for private and remote players. The business encounters of foreign players in different markets give them abundant exposure. The wide branch network of Indian banks alongside the gigantic undiscovered market, provided a perfect ground to work in this specific plan of action. The preliminary model was just referral type where banks introduce insurance customer to an insurance agency where final transaction occurred. However, the model has grown further and dynamic contribution of banks began to assume an active role in utilizing the vast banking network. The business opportunity fundamentally benefited the banks and insurance agencies as both capitalized their available resources along with their expertise in expanding business which was thoroughly monitored under IRDA. However, powers vested in the hands of IRDA to make timely changes in rules and regulations along with guidelines to protect the interest of policy holders. In India, selling of life insurance products are more satisfactory than non – life insurance products as the same has the best possible coordination with the different financial items.

The ongoing changes in bancassurance guidelines with the assistance of IRDA (Licensing of Bancassurance Agents) Regulations, 2011 has made the procedure increasingly extensive and business oriented. As such, the banks are required to train up their staff who after training were supposed to clear the applicable assessment led by the regulatory authority to manage the bancassurance business on behalf of the bank who is bancassurance agent. The guidelines additionally limit the banks to build up tie ups with not more than one life and one non – life and one independent health insurance company in any of the states of India. In the event that, if the general insurance agency isn't managing health insurance product, the bank can build up tie ups with one more general insurance agencies to manage the health care coverage business only. The authority

additionally isolated the nation into three zones and it is indicated that no insurance companies are entitled to enter into agreement with any bancassurance operators exceeding nine states or union territories in zone A and six states or union territories in zone B. The guidelines additionally referenced that insurance companies can utilize the logo and name of the bancassurance operators while selling the insurance products. This specific change resulted in lot of positive reaction as in India banks adores huge trust and confidence among the consumers.

3.9 PRACTICES OF BANCASSURANCE IN INDIA

Bancassurance generally meaning the selling of life and nonlife insurance policies of insurance companies through banks have turned out to be one of the most emerging concepts in banking sector. It is the blend of insurance activities with banking functions. Through bancassurance where insurance activities are carried out through bank window has not only helped insurance companies to penetrate more customers but also has increased the income of banks coming under bancassurance. At the same time, customers are also benefited as they can access various insurance activities under one single roof. This section throws light on the bancassurance practiced by banking sector in India particularly with regard to income earned and expenditure incurred in practicing bancassurance along with share holding pattern of insurance companies at major public sector, private sector and foreign banks.

As such, with the availability of data, under public sector banks State Bank of India (SBI), Canara Bank, Syndicate Bank and Vijaya Banks are considered, under private sector banks AXIS Bank, Housing Development Finance Corporation Bank (HDFC), Industrial Credit and Investment Corporation Bank (ICICI) and Kotak Mahindra Bank and under foreign banks Hong Kong and Shanghai Banking Corporation Bank (HSBC), Standard Chartered Bank, Yes Bank and CITI Bank.

3.9.1 Bancassurance – Public Sector Banks

a) State Bank of India (SBI)

With the vision '**Be The Bank Of Choice For A Transforming India**' and with mission as '**Committed To Providing Simple, Responsive And Innovative**

Financial Solutions', State Bank of India as the first bank started its function in 1806 as Bank of Calcutta. With values as '**Service, Transparency, Ethics, Politeness and Sustainability**', this bank being the oldest commercial bank in India is serving vast population within and outside the country. Mumbai as it's headquartered, the bank providing wide range of banking products and services has turned out to be the largest bank in India in terms of deposits, advances, customers and banking outlets. As of 2018-19, the bank is catering the banking requirements to its 43.51 customers through its network of 22010 branches and 57467 BC outlets spread across the country.

As a part of its mission, with respect to non-banking financial services, the bank through its subsidiaries provides life insurance and general insurance services to its customers. As such, in the financial year 2018, the bank entered the capital markets as subsidiaries through SBI Life Insurance, joint venture between SBI and BNP Paribas Cardif S.A. Further, SBI General Insurance is another joint venture between SBI and IAG Australia. SBI in life insurance and general insurance holds 62.04 and 70 percent of the stake respectively. SBI Life Insurance holding its leadership position among private players recorded profit after tax of ₹ 1327 crore in the financial year 2019 against ₹ 1150 crore in the financial year 2018 recording an increase of 15.39 percent in the financial year 2019 compared to financial year 2018. With regard to SBI General Insurance Company Limited (SBIGC) the profit after tax stood at ₹ 334 crore in the financial year 2019 compared to profit after tax of ₹ 265 crore in the financial year 2018 recording an increase of 26.04 percent in the financial year 2019 against 2018. As on March 2019, number of persons under SBI Life Insurance increased to 54317 as compared to 46180 in March 2018 recording an increase of 17.6 percent. For the same period, under General Insurance it was 22034 and 20646 respectively recording an increase of 6.72 percent. SBI Life Insurance being a joint venture, as of March 2019, undertaking bancassurance activities with a wide network of 123613 agents has turned out to be the largest bancassurance partner in the country by bringing 1525439 new policies during the financial year 2019.

SBI Life has received various awards for its remarkable achievement in bancassurance. Some of them are Life Insurer of the Year 2018, Golden Peacock Award for Risk Management, Enterprise RISK Management, ICAI – Gold Shield, Smart Insurer Award in the Life Insurance – Large Category, Life Insurer Provider of the Year 2018, Intelligent Enterprise, Best Blended Learning Program and Corporate Star Award for Best Training for Employees/ Associates all for its achievements under insurance sector. Under General Insurance, SBI General has received Best General Insurance Company, General Insurance Company of the Year and Gold Award in the category of Non-Life Insurance Provider of the Year 2018. The following tables presents income earned and expenditure incurred, commission/ brokerage, etc. received by SBI through bancassurance for the period 2010-11 up to 2018-19.

The data in Table No. 3.1 presents the performance of bancassurance by SBI in terms of income earned in the form of fees/ remuneration/ commission/ brokerage in selling of life and non-life insurance policies, premium income and operating expenses by SBI for the period 2010-11 up to 2018-19. The performance of the bank with regard to bancassurance is seen to be progressive. The data in the table reveals that the performance of the bank with regard to selling of life insurance products was very high compared in selling non-life insurance products. However, on an average, the premium income collected by SBI through bancassurance stood at ₹ 17953.98 crore which ranged from ₹ 10415.77 crore being the lowest income collected in the year 2012-13 to ₹ 35225.03 crore being the highest premium income collected in the year 2018-19. Premium income in bancassurance growing at the rate of 11.85 percent per annum, the bank was able to increase its premium income in bancassurance by 174.09 percent compared to premium income collected in bancassurance during 2010-11. With continuous growth, the average operating expenditure under bancassurance of SBI stood at ₹ 2039.88 crore where the bank incurred lowest and highest operating expenditure of ₹ 1086.09 and ₹ 2860.59 crore in the year 2010-11 and 2018-19 respectively. The bank recording growth rate of operating expenditure at 9.76 percent per annum saw an increase of 163.38 percent in its operating expenditure in the financial year 2018-19 compared to 2010-11.

Table No. 3.1: Income earned/ commission received and expenses incurred through Bancassurance by SBI (₹ in crore)

Year	Commissions/ Brokerage		Premium Income	Operating Expenses
	Life Insurance	Non-Life Insurance		
2010-11 ⁶	210.04	1.14	12851.84	1086.09
2011-12 ⁷	156.82	8.83	12985.11	1271.89
2012-13 ⁸	212.03	29.62	10415.77	1596.69
2013-14 ⁹	222.05	48.41	10672.76	1981.24
2014-15 ¹⁰	281.16	62.86	13628.73	2080.03
2015-16 ¹¹	379.94	82.25	16636.88	2228.57
2016-17 ¹²	491.55	107.20	22243.83	2479.26
2017-18 ¹³	714.75	212.57	26925.88	2774.59
2018-19 ¹⁴	951.90	270.86	35225.03	2860.59
Descriptive Statistics				
Average	402.25	91.53	17953.98	2039.88
CV	67.44	101.22	47.35	30.73
CARG	18.28	83.65	11.85	11.36
t – value	4.44	2.96	6.34	9.76
Trend Values				
2019-20	848.76	248.12	31365.25	3174.76
2020-21	938.06	279.44	34047.51	3401.74
2021-22	1027.37	310.76	36729.76	3628.72
2022-23	1116.67	342.07	39412.01	3855.69
2023-24	1205.97	373.39	42094.27	4082.67

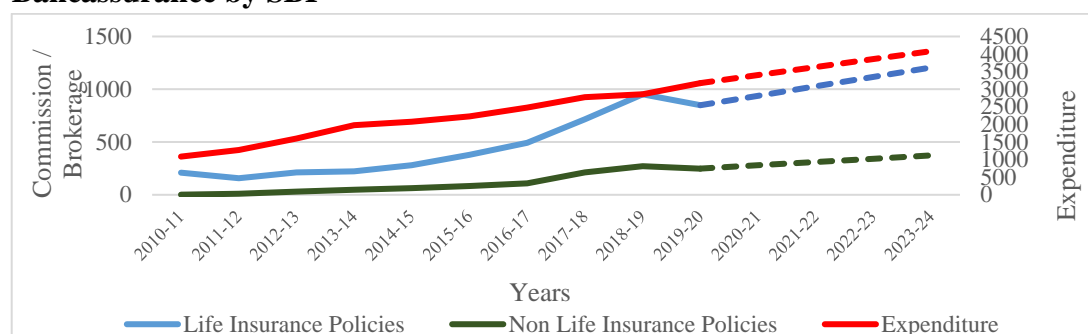
Source: Bank's Annual Reports 2010-11 to 2018-19

With regard to commission earned by SBI in bancassurance, it is studied that the bank concentrated more on life insurance policies compared to non-life insurance policies. The average commission earned in bancassurance by SBI was ₹ 402.25 crore which recorded continuous growth except in the year 2011-12 where it witnessed slight decrease, while the increase in commission earned during the financial year 2017-18 and 2018-19 was at higher rate compared to the increase in other years of the study period. On the other hand, the bank earned average commission of ₹ 91.53 crore for selling non-life insurance policies. The bank recorded substantial increase in the commission received for selling non-life insurance policies in the financial year 2017-18. The bank recorded higher growth

rate with regard to commission received for selling of non-life insurance policies as the growth in commission for selling non-life insurance policies and life insurance policies stood at 83.65 and 18.28 percent per annum indicating a wide gap between these two. With the given growth rate, commission under life insurance policies increased by 353.20 percent by the year 2018-19 compared to 2010-11, while for the same period the increase in commission for selling non-life insurance policies 236 time more (23659.65 percent more).

The commission received for selling life insurance policies was observed to be more consistent with least coefficient of variation at 67.44 percent against non-life insurance policies standing at 101.22 percent. The fluctuation in premium collected and operating expenses showed to be almost similar with slight variation. Further, the t values revealed that there was significant growth with regard to commission earned in selling life insurance and non-life insurance policies, premium collected and operating expenses. The trend values indicated that by 2023-24 the premium collected through bancassurance by the bank might be ₹ 42084.27 crore and the operating expenses might be 4082.67 crore which might be 19.50 and 42.72 percent more compared to 2018-19 indicating that the rise in operating expenses might be at higher rate compared to the rate of increase in premium collected. Likewise, the commission earned by selling life insurance policies might reach ₹ 1205.97 crore against commission earned by selling non-life insurance policies reaching ₹ 373.39 core by the year 2023-24 compared to 2018-19 indicating an increase of 26.69 percent in life insurance and 37.85 percent in non-life insurance.

Chart No. 3.1: Commission earned and operating expenses incurred in Bancassurance by SBI



Source: Table No. 3.1

Chart No. 3.1 presents commission received by selling life and non-life insurance by SBI and expenditure incurred under bancassurance. The graph measures years on the horizontal axis, commission / brokerage earned for selling insurance products on the primary vertical axis and expenditure incurred on secondary vertical axis.

Table No. 3.2: Shares of Insurance Companies in SBI as on 31st March (%)

Year	Life Insurance Corporation of India	General Insurance Corporation of India
2010-11	11.26	0.49
2011-12	11.08	0.48
2012-13	9.99	0.46
2013-14	14.99	0.63
2014-15	11.82	0.55
2015-16	11.27	0.54
2016-17	8.82	0.52
2017-18	9.84	NA*
2018-19	9.21	NA*

Note: * – Not Available

Source: Bank's Annual Reports 2010-11 to 2018-19

The share holding pattern of insurance companies in SBI is as presented in Table No. 3.2 according to which it could be inferred that LIC of India and General Insurance Corporation of India were the two major players in life and non-life insurance products. However, for the period in between 2011-12 to 2016-17 ICICI Prudential Insurance Company Limited had marginal share of SBI bank which was less than one percent of shares in Total Equity. From the data in the table, it could be observed that, on an average, the percent of shares in total equity of LIC of India stood at 10.92 percent, while that of General Insurance Corporation of India had 0.53 percent of shares in total equity. Further, the percentage of shares in total equity of LIC of India recorded mixed trend as it recorded continuous decrease except for the financial year 2013-14. The percentage of shares in total equity of General Insurance Corporation of India though decreased in the initial stage of the study period but thereafter slightly increased in the year 2013-14 and again gradually decreased.

b) Canara Bank

Canara Bank one among the oldest banks of the country started its function in 1906 with its founder as Shri Ammembal Subba Rao. The bank started its function with headquarterd at Mangalore. This bank got its birth with the major intention to encourage the saving habits and provide assistance to the needy. Under the slogan 'In touch with tomorrow', Canara Bank is catering the banking requirements of the people with phenomenal progress since its inception. This bank was the foremost bank to initiate Inter-City ATM network, acquire ISO certificate, come out with Exclusive Mahila Banking Branch, provide credit card to farmers and many more. As on March 2019, the bank is serving its 8.73 crore customers with 58350 staff through the network of 6310 branches spread on length and breadth of the country. The bank is operating with eight branches outside the country also.

Under bancassurance, the bank has tie-ups with life insurance as well as non-life insurance segments. The bank has joint venture with Canara HSB OBC Life insurance company. Under non-life insurance segment, the bank has tie-ups with Bajaj Allianz General Insurance Co. Ltd, TATA AIG General Insurance Co. Ltd, The New India Assurance Co. Ltd and United India Insurance Company Ltd. As on March 2019, the bank earned commission of ₹ 26.08 crore for selling Apollo Munich Health Insurance Co. Ltd. For the financial year 2018-19, the bank earned ₹ 94.23 crore as fees / remuneration for selling life insurance policies and ₹ 39.92 crore for selling non-life insurance policies. Apart from this, the bank earned commission of ₹ 26.08 crore for selling other health insurance policies. As on March 2019, the bank received revenue of ₹ 1010.48 crore as its operational income against ₹ 494.36 crore as its operational expenditure in bancassurance. The bank, under life insurance operation had assets worth of ₹ 15473.46 crore and liabilities of ₹ 14393.04 crore.

The data in Table No. 3.3 presents commission earned for selling life and non-life insurance policies along with operating expenses incurred under bancassurance by Canara Bank for the period 2011-12 up to 2018-19. According to the data in the table, commission received for selling life insurance policies and non-life insurance policies along with operating expenses recorded increasing trend. As

such, the average operating expenditure under bancassurance was ₹ 364.95 which had growth rate of 8.74 percent per annum which increased operational expenses of bancassurance of the bank by 73.07 percent by the financial year 2018-19 compared to 2010-11.

Table No. 3.3: Commission earned and expenses incurred through Bancassurance by Canara Bank (₹ in crore)

Year	Commissions/ Brokerage		Operating Expenses
	Life Insurance Policies	Non-Life Insurance Policies	
2010-11 ¹⁵	Not Available		232.49
2011-12 ¹⁶	21.90	10.75	285.64
2012-13 ¹⁷	25.90	11.92	276.64
2013-14 ¹⁸	26.12	26.56	299.81
2014-15 ¹⁹	26.56	15.39	391.27
2015-16 ²⁰	26.20	17.16	427.24
2016-17 ²¹	38.29	18.51	431.82
2017-18 ²²	76.60	26.93	445.33
2018-19 ²³	94.23	39.92	494.36
Descriptive Statistics			
Average	41.98	20.89	364.95
CV	65.82	46.61	25.29
CARG	20.01	17.82	8.74
t – value	4.29	6.07	11.86
Trend Values			
2019-20	84.62	34.65	528.65
2020-21	94.09	37.71	561.39
2021-22	103.57	40.77	594.13
2022-23	113.04	43.83	626.87
2023-24	122.52	46.88	659.61

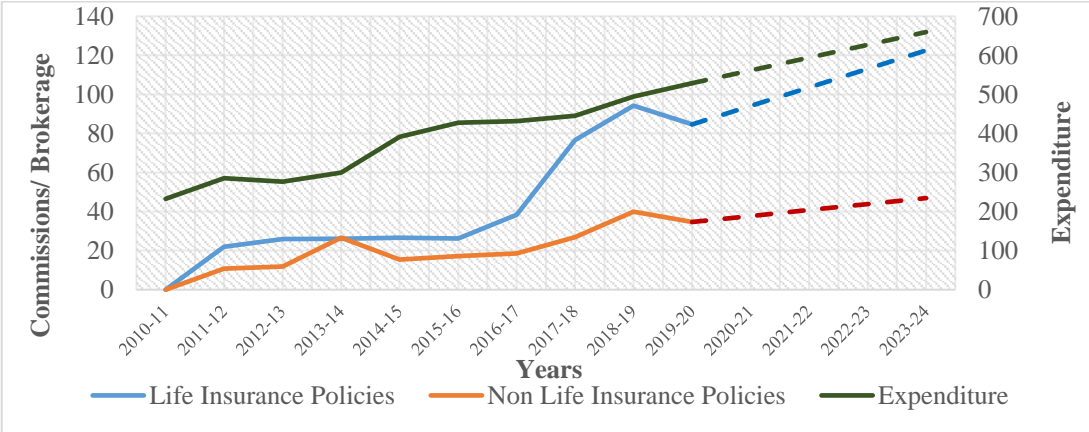
Source: Bank's Annual Reports 2010-11 to 2018-19

The average commission earned for selling life insurance policies was ₹ 41.98 crore against ₹ 20.89 crore earned for selling non-life insurance policies. The increasing in commission for selling life insurance policies recorded higher increase in 2017-18, while there was gradual increase in the commission received for selling non-life insurance policies. Fluctuation in commission earned for selling non-lie

insurance policies was found to be more consistent with lowest coefficient of variation at 46.61 percent compared to 65.82 percent with regard to life insurance policies.

Commission earned in selling life insurance policies recorded higher growth rate at 20.01 percent per annum against 17.82 percent per annum with regard to selling of non-life insurance policies respectively. As such, with the given growth rate, commission received for selling life insurance policies increased by 330.27 percent by the financial year 2018-19 compared to 201-12, while for the same period the increase was 271.35 percent with regard to non-life insurance policies. The t values indicated that, the growth in the commission earned for life insurance, non-life insurance policies and operational expenses was significant. Further, the trend values revealed that by the financial year 2023-24, operational expenses might increase by 33.43 percent by reaching ₹ 659.61 crore compared to 2018-19. For the same period, the increase in commission received for selling life and non-life insurance might be 30.02 and 17.45 percent respectively by reaching ₹ 122.52 and ₹ 46.88 crore.

Chart No. 3.2: Commission earned and expenses incurred through Bancassurance by Canara Bank



Source: Table No. 3.3

The Chart No. 3.2 presents commission earned for selling life and non-life insurance policies along with operational expenses incurred in bancassurance. The horizontal axis represents years, the primary vertical axis represents commission

received for selling life and non-life insurance policies, while the secondary vertical axis represents operational expenditure incurred in bancassurance by Canara Bank. Further, the dotted lines represent trend values.

Table No. 3.4: Shareholding pattern by Insurance Companies in Canara Bank

Year	No. of shares	% of Shareholding
2014-15	36534724	7.69
2015-16	76534724	14.10
2016-17	83226244	13.93
2017-18	70573693	9.63
2018-19	70323693	9.34

Source: Bank's Annual Reports 2010-11 to 2018-19

Share holding pattern by insurance companies in Canara Bank is as presented in Table No. 3.4 which indicates that the percentage of shareholdings of insurance companies in the bank increased for the period 2014-15 to 2016-17 and thereafter decreased. As such, the percentage of shareholding of insurance companies ranged between 7.69 and 14.10 percent of the total equity being the lowest and highest percentage of shareholding in the year 2014-15 and 2015-16 respectively.

c) Syndicate Bank/ Canara Bank

With strong commitment of social welfare by Dr. T M A Pai, Sr. Upendra Anantha Pai and Sri. Vaman Kudva, a physician, businessman and an engineer respectively started Syndicate Bank in 1925 with initial capital of ₹ 8000. The bank headquartered at Udipi was providing banking facilities with the Vision of Strong Brand, Stake Holder Delight and Socially Committed. The Mission of the bank as Customer Centric was Everything, Caring for Employees, Cotemporary Technology, Continuous Improvement and Comprehensive Solutions has made the bank as friendly, forward looking, faithful and fast. As of March 2019, the bank was serving its about 56 million customers through its wide network of 4032 branches across the country. However, the bank is now amalgamated with Canara Bank and from the financial year 2019-20 it is operating under Canara Bank.

Under bancassurance, as on March 2019, the bank in collaboration with LIC of India was providing insurance business to its customers. It was also providing group insurance facility to educational loan borrowers. The bank had tie up with SBI Life Insurance to sell SBI Life Insurance products. Further, under Pradhan Mantri Jeevan Jyoti Bhima Yojana, the bank in association with LIC of India was providing life insurance coverage. Up to the financial year 2018-19 it provided life insurance coverage for 611463 policies. With regard to General Insurance, the bank, as corporate agent of United India Insurance Company Limited is selling general insurance products to its customers. It was also providing Synd Arogya, a Group Mediclaim as well as Personal Accident Policy with family floater advantage at viable premium for its consumers. The bank in association with United Insurance Company Limited was facilitating accidental death insurance under Pradhan Mantri Suraksha Bima Yojana. For the financial year 2018-19 the bank incurred total income of ₹ 1840.42 lakh from bancassurance activities out of which 19.7 (₹ 362.85 lakh) was from life insurance and 80.3 percent (₹ 1477.57 lakh) from general insurance.

Table No. 3.5 presents the status of commission earned by Syndicate bank through bancassurance for the period from 2011-12 up to 2018-19 and operational expenditure incurred under bancassurance from 2010-11 up to 2018-19. As such, it was studied that the commission received by the bank for selling life insurance and non-life insurance has been continuously increasing with slight variations. It was studied that in the initial stage of the study period the commission received in selling life insurance was more than the commission received in selling non-life insurance, but in the later stage the situation was vice versa as the commission received in selling non-life insurance was almost three times more than the commission received in selling life insurance. However, on an average the bank received ₹ 5.15 crore as commission for selling life insurance policies where ₹ 6.54 crore in the financial year 2016-17 and ₹ 3.27 crore in the financial year 2011-12 recorded to be the highest and lowest commission received by the bank for selling life insurance products. Likewise, on an average, the bank received ₹ 8.62 crore as commission for selling non-life insurance policies recording continuous increase at increasing rate. The

bank which received ₹ 67 lakh as commission for selling non-life insurance policies for the financial year 2012-13, received ₹ 14.78 crore as commission for the financial year 2018-19 which was about 22 time more. Hence, commission in selling non-life insurance recorded highest fluctuation as well as growth rate with coefficient of variation and compound annual growth rate at 56.20 percent and 55.54 percent per annum respectively.

Table No. 3.5: Commission earned and expenses incurred through Bancassurance by Syndicate Bank (₹ in crore)

Year	Commissions/ Brokerage		Operating Expenses
	Life Insurance	Non-Life Insurance	
2010-11 ²⁴	NA*	NA*	104.84
2011-12 ²⁵	3.27	NA*	125.14
2012-13 ²⁶	4.98	0.67	138.20
2013-14 ²⁷	4.87	5.68	118.75
2014-15 ²⁸	6.16	6.73	167.05
2015-16 ²⁹	5.56	9.05	186.92
2016-17 ³⁰	6.54	9.69	206.63
2017-18 ³¹	6.17	13.73	229.12
2018-19 ³²	3.63	14.78	256.34
Descriptive Statistics			
Average	5.15	8.62	170.33
CV	23.35	56.20	31.12
CARG	1.30	55.54	10.44
t – value	12.11	4.71	9.64
Trend Values			
2019-20	5.84	17.38	263.91
2020-21	5.99	19.58	282.63
2021-22	6.14	21.77	301.35
2022-23	6.30	23.96	320.06
2023-24	6.45	26.15	338.78

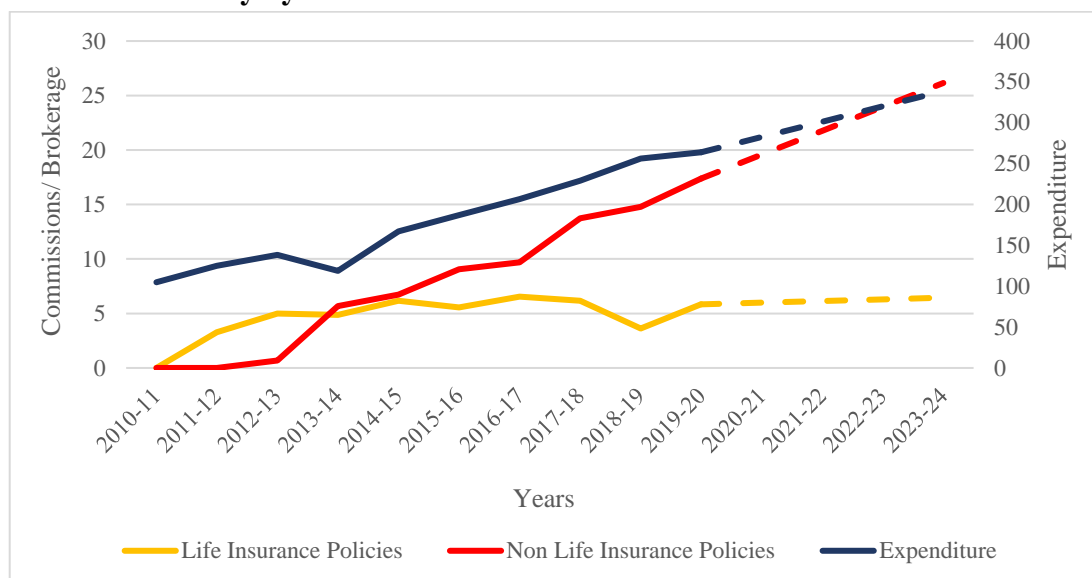
Note: * – Not available

Source: Bank's Annual Reports 2010-11 to 2018-19

With the given growth rate commission earned for selling life and non-life insurance increased by 10.90 and 2102.04 percent by the financial year 2018-19 compared to 2010-11. The t value indicated that there was significant growth in the commission earned by selling life and non-life insurance policies by the bank. The trend values predicted that by the financial year 2023-24 the bank might earn commission worth ₹ 6.45 crore and ₹ 26.15 crore for selling life and non-life insurance policies respectively which might be according 77.45 and 76.99 percent more compared to 2018-19.

On an average, the operational expenditure of the bank under bancassurance was ₹ 170.33 crore which grew at the rate of 10.44 percent per annum. This growth rate increased the operational expenditure of the bank under bancassurance by 144.51 percent by the financial year 2018-19 compared to 2010-11. From the t value is could be inferred that there was significant growth in the operational expenditure of the bank under bancassurance and the trend values indicated that by the financial year 2023-24 the bank might incur ₹ 338.78 as operational expenditure under bancassurance which might be 32.16 percent more compared to operational expenditure incurred by the bank under bancassurance in the financial year 2018-19.

Chart No. 3.3: Commission earned and expenses incurred through Bancassurance by Syndicate Bank



Source: Table No. 3.5

The Chart No. 3.3 presents commission earned in selling life and non-life insurance and expenses incurred under bancassurance by Syndicate bank. The horizontal axis measures years and the primary vertical axis measures commission/brokerage earned by the bank through bancassurance, while on the secondary vertical axis operational expenditure incurred by the bank under bancassurance is measures.

Table No. 3.6: Shareholding pattern by Insurance companies in Syndicate Bank

Year	LIC No. of shares	% of Shareholding
2010-11	59739147	10.42
2011-12	87450499	14.53
2012-13	68115181	11.32
2013-14	59430622	9.52
2014-15	53770353	8.12
2015-16	101988886	14.50
2016-17	101988886	11.28
2017-18	144534988	10.20
2018-19	144534988	5.81

Source: Bank's Annual Reports 2010-11 to 2018-19

Table No. 3.6 shows shareholding pattern of insurance companies in Syndicate Bank with the mixed nature. The percentage of shareholding of LIC of India in Syndicate bank ranged from 5.81 to 14.53 percent being the lowest and highest percentage of shareholding in the financial year 2018-19 and 2011-12 respectively.

d) Vijaya Bank/ Bank of Baroda

Vijaya Bank started its function in the month of October, 1931. The bank was founded by Shri. A B Shetty along with other like-minded farmers with the main intention of encouraging banking habits among the farming community particularly in Dakshina Kannada district of Karnataka state by providing needy farmers with financial assistance required to carry out agricultural activities at low interest rate.³³ As on March 2018, headquartered at Bengaluru, the bank was functioning with staff

strength of 16079 spread over 2136 branches along with 2155 ATMs with more than 4000 customers touch points.³⁴

Table No. 3.7: Commission earned and expenses incurred through Bancassurance by Vijaya Bank (₹ in crore)

Year	Commissions/ Brokerage		Operating Expenses
	Life Insurance	Non-Life Insurance	
2013-14 ³⁵	3.05	2.09	94.70
2014-15 ³⁶	3.43	3.01	121.85
2015-16 ³⁷	3.78	3.68	119.51
2016-17 ³⁸	2.17	4.64	121.88
2017-18 ³⁹	2.15	6.13	124.83
Descriptive Statistics			
Average	2.92	3.91	98.00
CV	25.27	39.70	27.98
CARG	-6.75	24.01	8.02
t – value	8.85	5.63	10.11
Trend Values			
2019-20	2.00	6.82	144.58
2020-21	1.69	7.79	154.93
2021-22	1.39	8.77	165.28
2022-23	1.08	9.74	175.64
2023-24	0.77	10.71	185.99

Source: Bank's Annual Reports 2010-11 to 2018-19

The data in Table No. 3.7 presents commission earned and expenditure incurred through bancassurance by Vijaya Bank for the period from 2013-14 up to 2017-18 with regard to selling of life and non-life insurance policies and operating expenditure from 2010-11 up to 2017-18 till its amalgamation with Bank of Baroda in 2019.

From the data in the above table, it could be noted that commission/ fees received by Vijaya Bank for selling life insurance policies though recorded increasing trend but gradually decreased. However, with regard to non-life insurance policies, the commission received witnessed continuous increase where the increase in the financial year 2017-18, the year before its amalgamation, was to considerable

extent. However, the average commission received by the bank for selling life and non-life insurance policies was ₹ 2.92 and ₹ 3.91 crore respectively. The commission received for selling life insurance policies decreased at the rate of -6.75 percent per annum which reduced the commission of the bank received in selling life insurance policies by 29.51 percent by the financial year 2017-18 compared to 2013-14. For the same period, with regard to selling of non-life insurance policies, the growth rate was 24.01 percent per annum which increased the bank's commission received by selling non-life insurance policies by 193.30 percent. The fluctuation regarding commission received for selling life insurance was found to be more consistent with low coefficient of variation (25.27 percent) compared to selling of non-life insurance policies (39.70 percent). Further, the t values also denoted that there were significant changes in the commission received by the bank for selling life and non-life insurance policies. The trend values indicated that by the financial year 2023-24 the commission received by the bank for selling life insurance policies might further decrease by 64 percent and reach only ₹ 77 lakh, while on the other hand, the commission received for selling non-life insurance policies might by 74.67 percent by reaching ₹ 10.71 crore.

The average operational expenditure of the bank under bancassurance was ₹ 98 crore for the year 2010-11 up to 2017-18 which increased continuously except with slight decrease in the financial years 2012-13 and 2015-16. Recording the growth rate of 8.02 percent per annum, the operational expenditure under bancassurance by the bank increased by 100.22 percent by the financial year 2017-18 compared to 2010-11 and the t value indicated that the changes in the operational expenditure was significant. Further, the trend value showed that by the financial year 2023-24 the operational expenditure of the bank under bancassurance might further increase by 49 percent by reaching ₹ 185.99 crore compared to 2017-18.

3.9.2 Bancassurance – Private Sector Banks

a) AXIS Bank

AXIS bank was incorporated as UTI bank in 1993 and its first branch started functioning in Ahmedabad in 1994. The bank started its operation with the vision to

be the preferred solutions provider excelling in customer delivery through insight, empowered employees and smart use of technology. As of March 2019, the bank is successfully providing the banking needs with more than 4040 branches, 16718 ATMs and cash deposit with withdrawal machines, and 5 lakhs+ POS machines.

The bank in association with Max Life and LIC of India sells life insurance policies to its customers through bancassurance, while under non-life insurance, the bank is incorporated with TATA AIG General Insurance Co. Ltd. The bank is also providing health insurance scheme in corporation with Apollo Munich Insurance Co. Ltd.

Table No. 3.8: Commission earned and expenses incurred through Bancassurance by AXIS Bank (₹ in crore)

Year	Commissions/ Brokerage		Operating Expenses
	Life Insurance	Non-Life Insurance	
2010-11 ⁴⁰	133.27	23.04	184.95
2011-12 ⁴¹	258.62	31.33	231.30
2012-13 ⁴²	336.76	19.41	262.22
2013-14 ⁴³	468.11	18.16	316.66
2014-15 ⁴⁴	491.30	22.40	366.39
2015-16 ⁴⁵	498.17	23.35	415.45
2016-17 ⁴⁶	558.24	32.95	501.48
2017-18 ⁴⁷	539.49	56.40	553.51
2018-19 ⁴⁸	640.50	68.62	600.31
Descriptive Statistics			
Average	436.05	32.85	381.36
CV	37.01	54.12	38.55
CARG	19.06	12.89	13.98
t – value	8.11	5.54	7.78
Trend Values			
2019-20	714.76	57.00	648.48
2020-21	770.51	61.83	701.90
2021-22	826.25	66.66	755.33
2022-23	881.99	71.49	808.75
2023-24	937.73	76.32	862.17

Source: Bank's Annual Reports 2010-11 to 2018-19

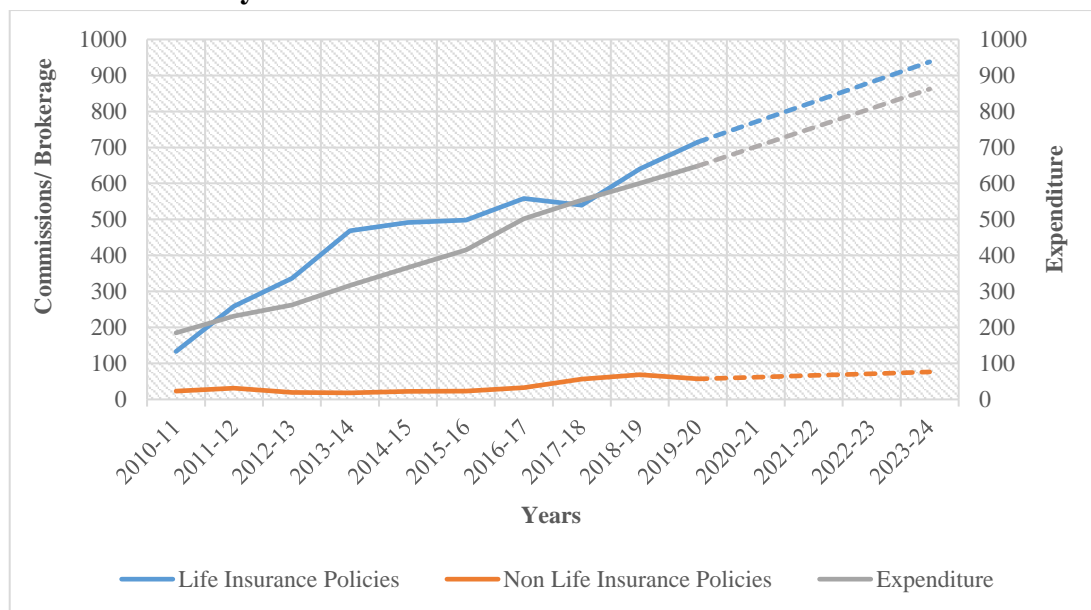
Under bancassurance, the performance of Axis Bank in selling life and non-life insurance policies along with operating expenditure is as presented in Table No. 3.8 which reveals that life insurance policies were widely distributed by the bank compared to non-life insurance policies. The average commission received by the bank for selling life and non-life insurance policies was ₹ 436.05 and ₹ 32.85 crore. Commission for selling life insurance recorded continuous increase while commission for selling non-life insurance increased continuously with decrease in the financial year 2012-13 and 2013-14. The commission received by the bank for selling life insurance policies was almost ten times more compared to commission received for selling non-life insurance policies.

The variation in commission received for selling non-life insurance policies was at higher rate with high coefficient of variation (54.12 percent) compared to life insurance policies (37.01 percent). Commission received by the bank for selling life and non-life insurance policies growing at the rate of 19.06 and 12.89 percent per annum increased the commission received by the bank by 380.60 and 197.83 percent by the financial year 2018-19 compare to 2010-11. The t values also indicated that there exists significant growth in the commission received for selling life and non-life insurance policies. The trend values disclosed that by the financial year 2023-24 commission earned by the bank for selling life and non-life insurance might increase by 46.41 and 11.22 percent respectively and reach ₹ 937.73 and ₹ 76.32 crore.

With ₹ 381.36 as the average operational expenditure incurred by the bank under bancassurance exhibited continuous increase with annual growth rate at the rate of 13.98 percent per annum which increased the operational cost of the bank under bancassurance by 224.58 percent by the financial year 2018-19 compared to 2010-11. The t value result showed the significance in the growth of operational cost under bancassurance by the bank and the trend value exposed that by the financial year 2023-24, operational cost might increase by 43.62 percent and reach ₹ 862.17 crore.

Chart No. 3.4 presents commission earned in selling life and non-life insurance policies by the bank under bancassurance and the operational expenditure incurred under bancassurance by the bank. The horizontal axis measures year, the primary vertical axis measures commission earned by the bank for selling life and non-life insurance policies and the secondary vertical axis measures operational expenditure incurred by the bank under bancassurance.

Chart No. 3.4: Commission earned and expenses incurred through Bancassurance by AXIS Bank



Source: Table No. 3.8

With regard to shareholding, LIC of India (LIC), General Insurance Corporation of India (GIC), The New India Assurance Company Limited (NIAC), National Insurance Company Limited (NIC), The Oriental Insurance Company Limited (OIC) and United India Insurance Company Limited have their shares in AXIS bank. As on March 2019, LIC is the major insurance company have more percentage of shares in AXIS bank accounting to 10.52 percent followed by General Insurance Corporation of India with 1.32 percent. However, The New India Assurance Company Limited, National Insurance Company Limited, The Oriental Insurance Company Limited and Unite India Insurance Company Limited had shareholding of less than one percent each accounting to 0.80, 0.02, 0.19 and 0.01 percent respectively.

Table No. 3.9: Shareholding pattern of insurance companies in AXIS Bank as at 31st March

Year	LIC		GIC		ICICI		NIAC	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
2010-11	39262917	9.56	7575000	1.85	9051135	2.20	Not Available	
2011-12	40040156	9.69	7575000	1.83	14046355	3.40		
2012-13	43335460	9.26	7821990	1.67	8192627	1.72		
2013-14	64460459	13.72	8253099	1.76	9275662	1.97		
2014-15	298986182	12.61	39321498	1.66	53772825	2.27	26607567	1.12
2015-16	348860225	14.64	40595000	1.70	Not Available		26103585	1.10
2016-17	331308553	13.83	39940000	1.67			26103585	1.09
2017-18	349451108	13.62	37250000	1.45	26034016	1.01	25403585	0.99
2018-19	270583548	10.52	34062729	1.32	49574333	1.93	20591585	0.80

Year	NIC		OIC		UTI	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
2010-11	Not Available					
2011-12						
2012-13						
2013-14						
2014-15	13675285	0.58	6230020	0.26	5342815	0.23
2015-16	4747285	0.20	6330020	0.27	6927714	0.29
2016-17	3063797	0.13	6330020	0.26	7215213	0.30
2017-18	2134681	0.08	6330020	0.25	2626337	0.10
2018-19	549681	0.02	4997520	0.19	324076	0.01

Source: Bank's Annual Reports 2010-11 to 2018-19

The status of shareholding pattern of insurance companies in AXIS bank is as presented in Table No. 3.9 according to which it is evident that the shareholding pattern of all insurance companies recorded decreasing trend. As such, LIC of India recorded much fluctuation in the shareholding percentage which in the year was 10.52 percent against 9.56 percent in 2010-11. Though the total number of shares increased but the shareholding percentage witnessed decreasing trend. In 2018-19, the shareholding percentage was less when compared to the period from 2013-14 up to 2017-18. General Insurance Corporation of India had shareholding percentage ranging between 1.32 and 1.85 percent being the lowest and highest percentage of shareholding in the year 2018-19 and 2010-11 respectively. This insurance company witnessed continuous decrease in its shareholding pattern from 2013-14 onwards. ICICI Prudential Life Insurance Company Limited had shareholding percentage

which ranged from 1.01 to 3.40 percent being the lowest and highest in 2017-18 and 2011-12 respectively. The shareholding pattern of this insurance company witnessed decrease trend although the total number of shareholdings increased. The shareholding pattern of The New India Assurance Company Limited at AXIS bank recorded decrease in the percentage of shareholding from 1.12 percent in 2014-15 to 0.80 percent in 2018-19. The same situation prevailed with National Insurance Company Limited which decreased from 0.58 to 0.02 percent, The Oriental Insurance Company Limited decreasing from 0.26 to 0.19 percent and United India Insurance Company Limited decreasing from 0.23 to 0.01 percent for the period 2014-15 to 2018-19.

b) HDFC Bank

The inception of HDFC Bank was on August 1994 with registered office in Mumbai. As of September 30, 2019, the Bank is functioning with nationwide distribution network of 5314 branches and 13514 ATM's spread over 2768 cities/towns. The bank has association with nine insurance companies to distribute life and non-life insurance policies to its customers. For the financial year 2018-19 the bank has mobilized premium worth ₹ 4233 crore and 2273 crore with regard to life and non-life insurance policies. The insurance industry in this bank recorded growth of 13 percent compared to the previous year.

The data in Table No. 3.10 presents commission earned by HDFC Bank through bancassurance. From the data it is noted that commission earned by selling both life and non-life insurance policies continuously increased except slight decrease in the financial year 2011-12 and 2013-14. The average commission received by the bank as ₹ 713.14 and ₹ 203.43 crore for selling life and non-life insurance policies. The bank received ₹ 337.56 crore as the lowest commission in the financial year 2013-14 against ₹ 1473.37 crore as the highest commission in 2018-19 for selling life insurance policies, while it received ₹ 109.50 crore as lowest commission in 2011-12 against ₹ 203.43 crore as highest commission in the year 2017-18 and 2018-19 for selling non-life insurance policies. Commission received by selling non-life insurance policies was more consistent with least coefficient of

variation (23.11 percent) compared to life insurance policies. The growth rate of commission received for selling life and non-life insurance policies at the rate of 10.96 and 4.64 percent per annum increased the commission received by the bank by 154.90 and 50.43 percent by the financial year 2018-19 compared to 2010-11. The t values represented that there were significant changes in the commission received by selling both life as well as non-life insurance policies. The trend values indicated that by the financial year 2023-24, the commission received by the bank for selling life and non-life insurance policies might increase by 17.43 and 21.97 percent respectively by reaching ₹ 1730.14 and 248.13 crore.

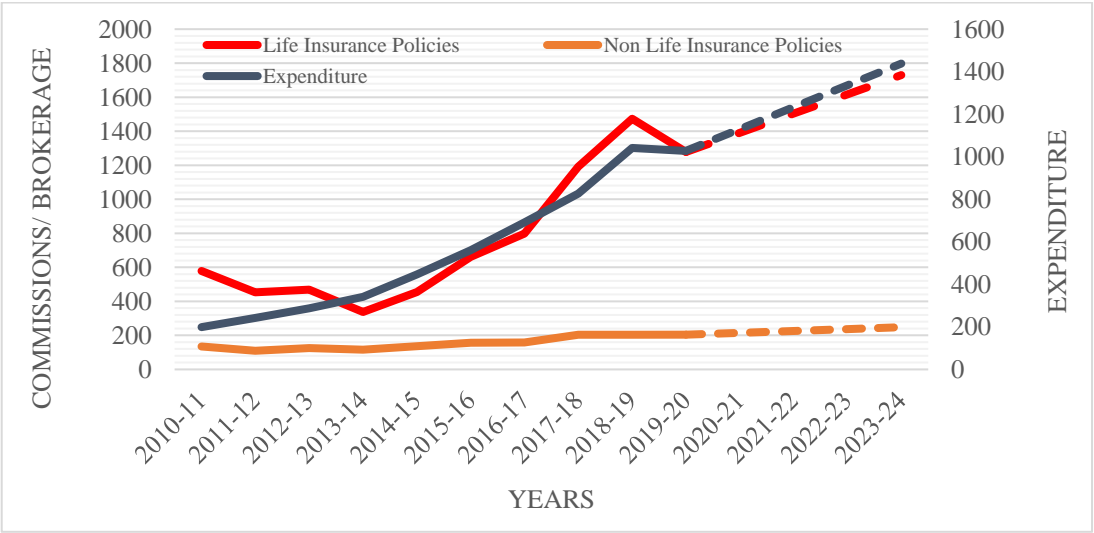
Table No. 3.10: Commission earned and expenses incurred through Bancassurance by HDFC Bank (₹ in crore)

Year	Commission/ Brokerage		Operating Expenses
	Life Insurance	Non-life Insurance	
2010-11 ⁴⁹	578.02	135.23	198.78
2011-12 ⁵⁰	453.63	109.50	241.80
2012-13 ⁵¹	469.21	125.47	287.79
2013-14 ⁵²	337.56	116.69	341.47
2014-15 ⁵³	454.01	137.07	447.00
2015-16 ⁵⁴	661.75	156.13	561.33
2016-17 ⁵⁵	798.35	157.58	690.66
2017-18 ⁵⁶	1192.34	203.43	827.32
2018-19 ⁵⁷	1473.37	203.43	1041.43
Descriptive Statistics			
Average	713.14	149.39	515.29
CV	53.64	23.11	56.11
CARG	10.96	4.64	20.20
t – value	5.59	12.98	5.35
Trend Values			
2019-20	1278.14	204.25	1028.02
2020-21	1391.14	215.22	1130.56
2021-22	1504.14	226.19	1233.11
2022-23	1617.14	237.16	1335.66
2023-24	1730.14	248.13	1438.20

Source: Bank's Annual Reports 2010-11 to 2018-19

The average operational expenditure being at ₹ 515.29 increased continuously and grew at the rate of 20.20 percent per annum which increased the operational expenditure of the bank under bancassurance by 423.92 percent by the financial year 2018-19 compared to 2010-11. Based on the t value it could be noted that the growth in the operational expenditure was significant and the trend values showed that by the financial year 2023-24 operational expenditure of the bank under bancassurance might reach ₹ 1438.20 crore which might be 38.10 percent more compare to 2018-19.

Chart No. 3.5: Commission earned and expenses incurred through Bancassurance by HDFC Bank



Source: Table No. 3.10

The commission received in selling life and non-life insurance policies and operational expenditure incurred by HDFC Bank under bancassurance is presented in Chart No. 3.5 where horizontal axis measures years, primary vertical axis measures commission earned and secondary vertical measures operational expenditure. In the graph the continuous line represents actuals and the dotted lines represents trend values.

Table No. 3.11: Shareholding pattern of insurance companies in HDFC Bank as at 31st March

Year	LIC of India		ICICI Prudential LIC		General Insurance	
	No. of Shares	% to Share capital	No. of Shares	% to Share capital	No. of Shares	% to Share capital
2010-11	30687681	6.60	14161748	3.04	1234103	0.27
2011-12	142236554	6.06	54933837	2.34	6544200	0.28
2012-13	106787756	4.49	51493724	2.16	4953516	0.21
2013-14	118786577	4.95	43642443	1.82	4252618	0.18
2014-15	64587585	2.58	41029927	1.64	4627671	0.18
2015-16	61303025	2.43	41523802	1.64	6843958	0.27
2016-17	55457815	2.16	35864792	1.40	6053225	0.24
2017-18	51535018	1.99	32162374	1.24	5448127	0.21
2018-19	55816664	2.05	30501652	1.12	Not Available	

Source: Bank's Annual Reports 2010-11 to 2018-19

The shareholding holding pattern of insurance companies in HDFC bank is as presented in Table No. 3.11 which reveals that LIC of India, ICICI Prudential Life Insurance Company and General Insurance were the major companies holding shares in HDFC Bank. The data in the table reveals that the shareholding percentages of all major insurance companies in the bank decreased in the due course of time. LIC of India with total number of shares at 30687681 which had 6.60 percent of shareholding in the financial year 2010-11 even though increased its total number of shareholdings to 55816664 witnessed decreases in shareholding percentage to 2.05 percent in the financial year 2018-19. Similar, situation existed with regard to ICICI Prudential Life Insurance Company which with total number of shareholdings at 14161748 had 3.04 percent of shareholdings in 2010-11 got decreased to 1.12 percent by 2018-19 even though with the increase of its total number of shareholdings to 30501652. General Insurance with total number of shareholdings of 1234103 acquired 0.27 percent of shareholding in the bank in 2010-11 got decreased its shareholding percentage to 0.21 percent with the increase in its total number of shareholdings to 5448127.

c) ICICI Bank

In the year 1994, ICICI Bank started to cater banking requirements as an Indian financial institution by offering a series of banking products other financial related services to corporate and retail customers. As of March 2020, the bank is operating with 5324 branches along with 15688 ATMs covering entire India. The bank has its presence in 17 countries outside India. The bank has its registered office at Vadodara, Gujarat.

The bank is serving 4.8 million beneficiaries actively focusing on government schemes like Pradhan Mantri Suraksha Bima Yojana and Atal Pension Yojana to facilitate accidental insurance and pension benefits. The bank's bancassurance comprises ICICI Prudential Life Insurance Company Limited and ICICI Lombard General Insurance Company Limited. As of March 2019, the net premium earned by ICICI Prudential Life Insurance Company was ₹ 305.79 billion which was 14.05 percent more than the previous year and the profit after tax was ₹ 11.41 billion which was 29.57 percent less than the previous year. With regard to ICICI Lombard General Insurance Company, the net premium earned in selling non-life insurance policies was ₹ 83.75 billion which was 21.17 percent more than previous year and the profit after tax was ₹ 10.49 billion which was 21.69 percent more than previous year.

The data in Table No. 3.12 presents commission earned in selling life and non-life insurance policies along with operational expenditure incurred by ICICI Bank under bancassurance. As such, the commission earned in selling both life and non-life insurance is subjected to mixed nature as it has decreased and increased throughout the considered period. The average commission earned for selling life insurance was ₹ 619.04 crore against ₹ 74.95 crore for selling of non-life insurance policies. The fluctuation in commission received for selling non-life insurance was slightly more consistent compared to selling of life insurance as the coefficient of variation stood at 45.85 and 47.94 percent for life and non-life insurance policies respectively. The growth rate of commission for selling life and non-life insurance policies stood at 20.09 and 17.43 percent per annum which increased the commission

for selling life and non-life insurance increased by 419.38 and 324.69 percent by the financial year 2018-19 compared to 2010-11. The t values specified there exists significant change in the commission earned by selling life and non-life insurance policies.

Table No. 3.12: Commission earned and expenses incurred through Bancassurance by ICICI Bank (₹ in crore)

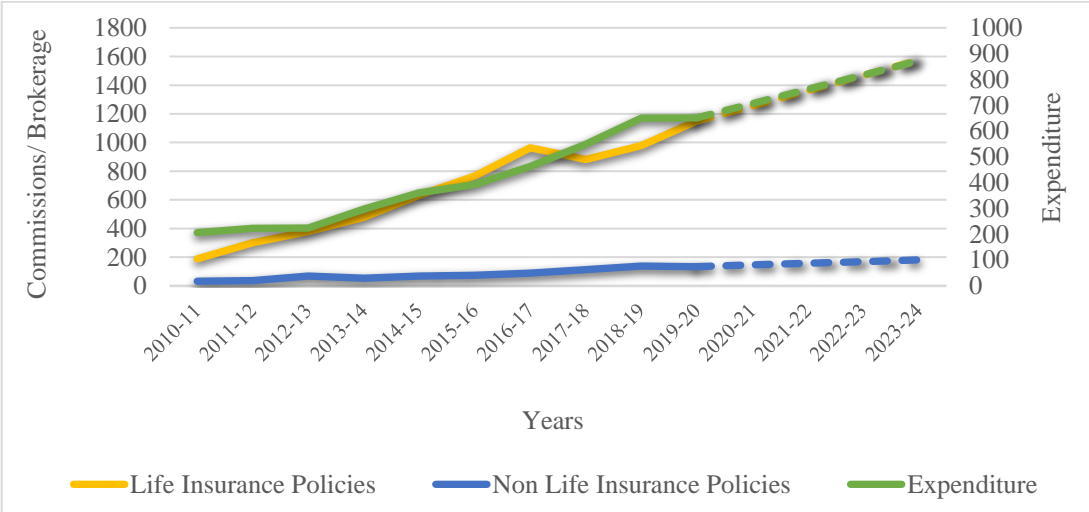
Year	Commissions/ Brokerage		Operating Expenses
	Life	Non-Life	
2010-11 ⁵⁸	188.54	32.56	206.43
2011-12 ⁵⁹	300.41	36.91	223.47
2012-13 ⁶⁰	378.66	69.31	224.38
2013-14 ⁶¹	478.65	53.95	298.08
2014-15 ⁶²	632.57	67.82	360.47
2015-16 ⁶³	766.77	73.51	392.21
2016-17 ⁶⁴	964.42	88.89	462.89
2017-18 ⁶⁵	882.11	113.35	548.46
2018-19 ⁶⁶	979.23	138.28	650.43
Descriptive Statistics			
Average	619.04	74.95	374.09
CV	47.94	45.85	41.64
CARG	20.09	17.43	13.60
t – value	6.26	6.54	7.20
Trend Values			
2019-20	1149.67	134.20	650.94
2020-21	1255.79	146.05	706.30
2021-22	1361.92	157.89	761.67
2022-23	1468.04	169.74	817.04
2023-24	1574.17	181.59	872.41

Source: Bank's Annual Reports 2010-11 to 2018-19

The trend values predicted that by the financial year 2023-24, the commission earned by the bank for selling life and non-life insurance might reach ₹ 1574.17 and ₹ 181.59 crores respectively which might be 60.76 and 31.32 percent more compared to 2018-19.

The operational expenditure of bancassurance incurred by the bank increased at gradual level. The average operational expenditure of the bank under bancassurance was ₹ 374.09 crore which grew at the rate of 13.60 percent per annum which increased the operational expenditure of the bank under bancassurance by 215.09 percent by the financial year 2018-19 compared to 2010-11. The t value showed that operational expenses of bancassurance incurred by the bank witnessed significant growth. The trend value predicted that by the year 2023-24 the operational expenditure of the bank under bancassurance might increase by 34.3 percent compared to 2018-19.

Chart No. 3.6: Commission earned and expenses incurred through Bancassurance by ICICI Bank



Source: Table No. 3.12

Chart No. 3.6 demonstrating commission earned by selling life and non-life insurance policies along with operational expenditure under bancassurance by the bank measures years on the horizontal axis, commission earned on the primary vertical axis and operational expenditure on the secondary vertical axis. The continuous line represents actual data and the dotted line presents trend values.

The shareholding pattern of insurance companies in ICICI Bank is as presented in Table No. 3.13 which reveals that the percentage of shareholdings of insurance companies recorded decreasing trend.

Table No. 3.13: Shareholding pattern of insurance companies in ICICI bank as at 31st March

Year	LIC		Total	
	No. of Shares	% to Share capital	No. of Shares	% to Share capital
2010-11	107847146	9.36	191667710	16.64
2011-12	106115461	9.21	203722676	17.68
2012-13	83100911	7.20	175270896	15.19
2013-14	100922566	8.74	178858813	15.49
2014-15	470276753	8.11	772187179	13.32
2015-16	598147787	10.29	888935954	15.29
2016-17	608927224	10.45	886918475	15.23
2017-18	603252345	9.38	863754047	13.45
2018-19	509224087	7.90	772315354	11.98

Source: Bank's Annual Reports 2010-11 to 2018-19

With the total number of shareholdings of 191667710 accounted to 16.64 percent of the share capital in the year 2010-11 increased to 772315354 by the year 2018-19 but the percentage of shareholdings decreased to 11.98 percent even with the increase in the total number of shareholdings to 77231354. LIC of India, one of the major insurance companies in ICICI Bank also witnessed decrease in its percentage of shareholdings even with its increase in total number of shareholdings. As such, the percentage of shareholdings of LIC of India ranged from 7.20 percent to 10.45 percent being the lowest and highest percentage of shareholdings in the financial year 2012-13 and 2016-17 respectively. However, with total number of shareholdings of 107847146 accounting to 9.36 percent of the share capital in the year 2010-11 increased to 608927224 shareholdings accounting to 10.5 percent of the share capital in 2016-17 which in 2018-19 further decreased to 509224087 shareholdings accounting to 7.90 percent of the share capital of the bank.

d) Kotak Mahindra Bank

Kotak Mahindra Bank, headquartered in Mumbai is offering banking services since 2003. The bank was founded by Uday Kotak. With the staff strength of 33013, as of April 2019, the bank is spread over the country with 1600 branches and 2519 ATMs. For the bancassurance services, the bank has won the award 'Most

Innovative Insurance Analytics Project for Smart Sell Digital Insurer of the Year' by The Asset Triple A Digital Awards for 2018.

Under the bank, Kotak Mahindra Life Insurance Company Limited under life insurance category and Kotak Mahindra General Insurance Company Limited under non-life insurance category are the two domestic subsidiaries witnessing considerable growth year on year. For the financial year 2018-19, the bank, under Kotak Mahindra Life Insurance Company Limited had profit after tax of ₹ 507.24 crore which was 22.70 percent more compared to previous year, while under Kotak Mahindra General Insurance Company Limited the bank has incurred loss of ₹ 34.90 crore. However, the premium collected by the bank under bancassurance was ₹ 8309.19 crore for the financial year 2018-19 which was 24.63 percent more than its previous year. The network of Kotak Mahindra Life Insurance Company Limited comprises 243 life insurance outlets spread over 150 locations and has 124500 life advisors. The bank has 33 bancassurance partners and 157 brokers and tie ups.

The data in Table No. 3.14 presenting commission earned for selling life and non-life insurance policies through bancassurance by Kotak Mahindra Bank revealed that the bank had good hold in selling life insurance policies compared to non-life insurance policies as there exist wide gap regarding commission received by the bank in selling these two types of insurance policies. The commission received by the bank continuously increased. The average commission of ₹ 97.76 crore for selling life insurance policies received by the bank having growth rate of 27.46 percent per annum increased the commission received under this category by 787.93 percent by the financial year 2018-19 compared to 2010-11. Further, the average commission of ₹ 3.63 crore received by the bank for selling non-life insurance policies had growth rate of 44.70 percent per annum which increased the commission received under this category by 2680.85 percent by the financial year 2018-19 compared to 2010-11. The variations in commission for selling life insurance policies was found to be more consistent with low coefficient of variation (72.50 percent) compared to non-life insurance policies with high coefficient of

variation (121.80 percent). The t values denoted that the changes in commission received for selling both life and non-life insurance policies were significant.

Table No. 3.14: Commission earned and expenses incurred through Bancassurance by Kotak Mahindra Bank (₹ in crore)

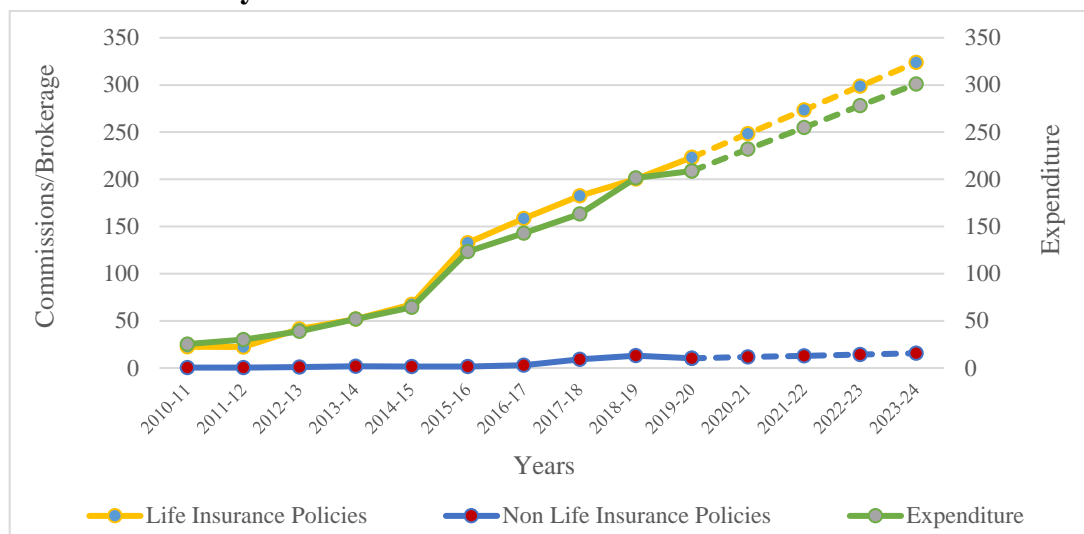
Year	Commissions/ Brokerage		Operating Expenses
	Life	Non-Life	
2010-11 ⁶⁷	22.58	0.47	25.42
2011-12 ⁶⁸	22.32	0.57	30.18
2012-13 ⁶⁹	41.36	1.05	39.02
2013-14 ⁷⁰	51.89	1.91	51.86
2014-15 ⁷¹	67.48	1.65	64.44
2015-16 ⁷²	132.77	1.71	123.45
2016-17 ⁷³	158.42	3.10	142.90
2017-18 ⁷⁴	182.51	9.18	163.31
2018-19 ⁷⁵	200.50	13.07	201.62
Descriptive Statistics			
Average	97.76	3.63	93.58
CV	72.50	121.80	69.76
CARG	27.46	44.70	25.87
t – value	4.14	2.46	4.30
Trend Values			
2019-20	223.36	10.31	208.87
2020-21	248.48	11.65	231.93
2021-22	273.60	12.98	254.99
2022-23	298.73	14.32	278.05
2023-24	323.85	15.65	301.11

Source: Bank's Annual Reports 2010-11 to 2018-19

The trend values revealed that by the financial year 2023-24, the commission received by the bank for selling life and non-life insurance policies might increase by 61.52 and 19.7 percent respectively and accordingly reach ₹ 323.85 and ₹ 15.65 crore. The operating expenditure under bancassurance by the bank recorded gradual increase from 2010-11 up to 2014-15 which almost doubled in the subsequent year. The average operating expenditure under bancassurance was ₹ 93.58 crore having growth rate of 25.87 percent which increased operating expenditure of the bank

under bancassurance by 693.32 percent by the financial year 2018-19 compared to 2010-11. The t value specified that operating expenditure had significant growth and trend value indicated that by the financial year 2023-24 the operating expenditure of the bank under bancassurance might increase by 49.34 percent and reach ₹ 301.11 crore.

Chart No. 3.7: Commission earned and expenses incurred through Bancassurance by Kotak Mahindra Bank



Source: Table No. 3.14

Chart No. 3.7 presents commission earned by selling life and non-life insurance policies and operating expenses incurred under bancassurance by Kotak Mahindra Bank. The horizontal axis of the graph measures years, while the primary vertical axis of the graph measures commission earned for selling life and non-life insurance policies and on the secondary vertical axis it measures operating expenses incurred.

With regard to shareholding pattern of insurance companies in Kotak Mahindra Bank from the data as presented in Table No. 3.15 it could be noticed that the percentage of shareholdings toggled between 0.21 and 3.12 percent which continuously decreased, but later slightly increased. The percentage of shareholdings recorded the lowest level with 0.21 percent in the financial year 2014-15 against 3.12 percent being the highest percentage of shareholdings in the financial year 2010-11.

However, by the end of financial year 2018-19 the total number of shareholdings was 55777277 which accounted to 2.92 percent of the shareholdings.

Table No. 3.15: Shareholders holding pattern of Insurance Companies in Kotak Mahindra Bank as on 31st March (look for details in the report)

Year	No. of Shares	% of Shareholdings
2010-11	22985657	3.12
2011-12	16158644	2.18
2012-13	7260530	0.97
2013-14	1671576	0.22
2014-15	1650163	0.21
2015-16	14875972	0.81
2016-17	44788616	2.43
2017-18	3397095	1.78
2018-19	55777277	2.92

Source: Bank's Annual Reports 2010-11 to 2018-19

3.9.3 Bancassurance – Foreign Banks

In India, foreign banks operate either in the branch form with physical presence of their branch or through representative office. As of 2019, 40 foreign banks are functioning through their representative office and few via NBFC. At present, in India, 45 foreign banks are operating with 286 branches spread across the country. Though their existence is within one percent of the total branch network in the country, they accounted to 11 percent of the total profits. However, major foreign banks functioning in the country are Standard Chartered Bank, Citibank N.A., HSBC Ltd, Deutsche Bank and DBS Bank Ltd with 100, 35, 26, 17 and 12 branches respectively.

a) HSBC Bank

The Hongkong and Shanghai Banking Corporation Limited one among the world's largest banking sector with staff strength of 235351 is serving 40+ million customers across the world with its network spread over 64 countries and territories in Europe, Asia, Middle East and Africa, North America and Latin America. The origin of HSBC in India takes back to 160 years when in 1985 The Mercantile Bank

of India was founded in Mumbai. HSBC, in India, is serving in terms of Retail Banking and Wealth Management, Commercial Banking and Global Banking and Markets. It is also serving through Global Asset Management, Global Service Centres, HSBC Securities and Capital Markets (India) Private Limited and so on. As of 2019, the bank in India is serving with 26 branches spread across the country.

Table No. 3.16: Commission earned and expenses incurred through Bancassurance by HSBC (₹ in crore)

Year	Commissions/ Brokerage		Operating Expenses
	Life	Non-Life	
2010-11 ⁷⁶	89.56	5.42	78.71
2011-12 ⁷⁷	49.55	3.84	79.21
2012-13 ⁷⁸	17.20	1.74	82.32
2013-14 ⁷⁹	10.89	-0.15	84.80
2014-15 ⁸⁰	15.99	0.01	98.73
2015-16 ⁸¹	17.12	0.26	108.40
2016-17 ⁸²	12.41	0.43	129.05
2017-18 ⁸³	11.18	1.11	113.92
2018-19 ⁸⁴	16.02	1.52	125.21
Descriptive Statistics			
Average	26.66	1.58	100.04
CV	99.07	120.04	19.91
CARG	-17.41	-13.18	5.29
t – value	3.03	2.50	15.07

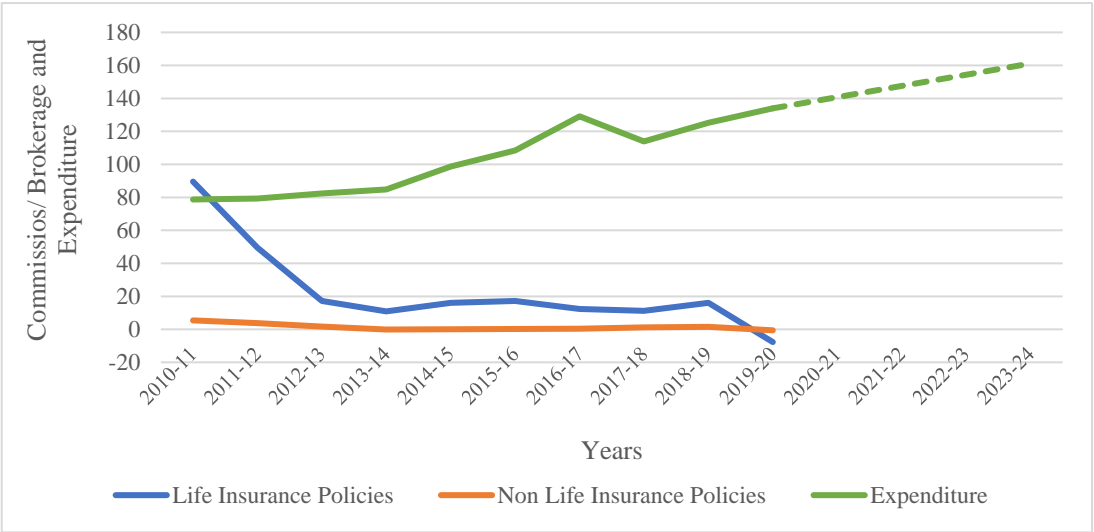
Source: Bank's Annual Reports 2010-11 to 2018-19

The data in Table No. 3.16 presents commission earned for selling life and non-life insurance policies. According to the data it was studied that on one hand commission earned for selling both life and non-life insurance policies dropped rigorously, while on the other hand the operating expenses recorded continuous increase which indicated that bancassurance was not that much profit to this bank. The average commission earned for selling life and non-life insurance policies was ₹ 26.66 and 1.58 crore indicating that the bank widely concentrated in selling of life insurance policies compared to non-life insurance policies. The commission earned by this bank in selling life insurance policies witnessed drastic decrease which was

also recorded in the selling of non-life insurance policies where in the financial year 2013-14 it incurred loss of ₹ 15 lakh. The commission earned in selling life insurance policies decreased at the rate of 17.41 percent per annum which decreased the commission earned for selling life insurance policies by 82.11 percent by the financial year 2018-19 compared to 2010-11. Similarly, the average commission earned for selling non-life insurance policies decreased at the rate of 13.18 percent which brought down the commission earned for selling non-life insurance policies by 71.98 percent by the financial year 2018-19 compared to 2010-11. The fluctuation in commission earned for selling life insurance policies was more consistent with least coefficient of variation (99.07 percent) compared to high degree of variation in commission received for selling non-life insurance policies. The t values indicated that the decrease in commission for selling life and non-life insurance policies was significant.

The average operating expenses under bancassurance by HSBC Bank was ₹ 100.04 which with the growth rate at 5.29 percent per annum increased operating expenses under bancassurance of the bank by 59.08 percent by the financial year 2018-19 compared to 2010-11. The t value indicated the significance in the increase of operating expenses incurred by the bank under bancassurance.

Chart No. 3.8: Commission earned and expenses incurred through Bancassurance by HSBC



Source: Table No. 3.16

Chart No. 3.8 presents commission earned and expenses incurred under bancassurance by HSBC. The graph measures years on its horizontal axis and on vertical it measures commission earned in selling life and non-life insurance policies and operating expenses. It could be seen in the graph that curve representing commission for selling life and non-life insurance policies dropping down continuously and reaching the horizontal axis.

b) Standard Chartered Bank India

Standard Chartered Bank as a public limited company, headquartered at London is operating worldwide located in more than 70 countries with more than 1200 branches which includes outlets also with staff strength of around 87000 people. The bank as a British Multinational banking and financial services company is operating in India since 1858. The bank in India has the network covering 100 branches in 43 cities.

The data in Table No. 3.17 presenting commission earned for selling life and non-life insurance policies shows that the commission earned through selling of life insurance policies decreased against the increase in the commission earned through selling of non-life insurance policies. The commission earned in selling life insurance policies continuously decreased from 2010-11 up to 2014-15 where drastic decrease was recorded in the commission earned for selling life insurance policies in the financial year 2014-15 compared to previous years and thereafter gradually increased. However, in the financial year 2017-18 the increase in commission was remarkable compared to its previous year. The average commission earned for selling life insurance policies was ₹ 59.42 crore which ranged from ₹ 19.13 crore being the lowest commission earned in the year 2014-15 to ₹ 98.56 crore being the highest commission earned in the year 2010-11. The average commission earned in selling non-life insurance policies was ₹ 7.02 crore ranging from ₹ 5.13 to ₹ 9.23 crore being the lowest and highest commission earned in the year 2013-14 and 2018-19 respectively.

Table No. 3.17: Commission earned and expenses incurred through Bancassurance by Standard Chartered Bank India (₹ in crore)

Year	Commissions/ Brokerage		Operating Expenses
	Life	Non-Life	
2010-11 ⁸⁵	98.56	7.79	77.14
2011-12 ⁸⁶	75.92	7.69	65.73
2012-13 ⁸⁷	70.81	7.32	62.86
2013-14 ⁸⁸	72.22	5.13	63.82
2014-15 ⁸⁹	19.13	5.85	72.72
2015-16 ⁹⁰	26.36	5.70	78.16
2016-17 ⁹¹	36.71	6.47	81.32
2017-18 ⁹²	64.17	7.99	91.09
2018-19 ⁹³	70.90	9.23	97.45
Descriptive Statistics			
Average	59.42	7.02	76.70
CV	44.06	18.81	15.66
CARG	-3.59	1.90	2.63
t – value	6.81	15.95	19.15
Trend Values			
2019-20	37.76	7.48	94.08
2020-21	33.43	7.57	97.56
2021-22	29.10	7.66	101.03
2022-23	24.77	7.75	104.51
2023-24	20.44	7.85	107.99

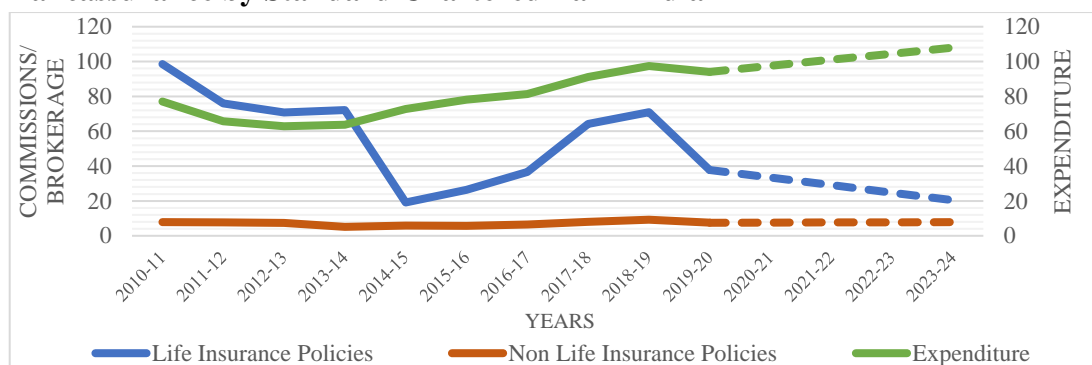
Source: Bank's Annual Reports 2010-11 to 2018-19

The fluctuation in commission earned in selling non-life insurance policies was found to be more consistent with low coefficient of variation (18.81 percent) against high degree of variation in the commission earned for selling life insurance policies (44.06 percent). The growth in commission earned for selling life insurance policies was negative at -3.59 percent per annum as the result of which commission earned in selling life insurance policies decreased by 28.06 percent by the financial year 2018-19 compared to 2010-11. On the other hand, the growth in the commission for selling non-life insurance policies standing at 1.90 percent per annum resulted in the increase of commission received for selling non-life insurance policies by 18.44 percent for the same period. The t values showed that the changes

in the commission earned for selling both life and non-life insurance policies were significant. The trend values indicated that by the financial year commission earned for selling life and non-life insurance policies might decrease by 71.18 and 14.96 percent respectively and reach ₹ 20.44 and 7.85 crore accordingly.

The operating expenses incurred under bancassurance by the bank initially decreased which increased continuously. The average operating expenses was ₹ 76.70 crore which ranged from ₹ 62.86 and ₹ 97.54 crore turning out to be the lowest and highest operating expenses incurred in the financial year 2012-13 and 2018-19 respectively. The operating expenses which grew at the rate of 2.63 percent per annum increased operating expenses of bancassurance of the bank by 26.33 percent by the financial year 2018-19 compared to 2010-11. The t value indicated that operating expenses had significant growth and the trend values revealed that by the financial year 2023-24 operating expenses of the bank under bancassurance might further increase by 10.81 percent and reach ₹ 107.99 crore compared to 2018-19.

Chart No. 3.9: Commission earned and expenses incurred through Bancassurance by Standard Chartered Bank India



Source: Table No. 3.17

Chart No. 3.9 presents commission earned for selling life and non-life insurance policies along with operating expenditure under bancassurance by the bank. The horizontal axis measures years and the primary vertical axis measures commission earned for selling life and non-life insurance policies, while on the secondary vertical axis measures operating expenditure incurred by the bank under bancassurance.

c) Deutsche Bank AG – India Branches

Deutsche Bank AG is a German based bank having its network throughout the world. The bank started its operation in 1870 and now as of 2018, the bank has its network in 58 countries and is the 17th largest bank in the world. The bank has strong presence in Europe, the Americas and Asia with staff strength of 87597 employees.

Table No. 3.18: Operating Expenses incurred through Bancassurance by Deutsche Bank (₹ in crore)

Year	Commissions/ Brokerage		Operating Expenses
	Life	Non-Life	
2010-11 ⁹⁴	13.96	0.13	27.69
2011-12 ⁹⁵	12.11	0.18	28.84
2012-13 ⁹⁶	11.80	0.28	28.43
2013-14 ⁹⁷	6.37	0.68	34.66
2014-15 ⁹⁸	5.31	0.77	40.65
2015-16 ⁹⁹	4.75	1.04	46.64
2016-17 ¹⁰⁰	5.69	1.29	22.48
2017-18 ¹⁰¹	6.58	2.97	42.68
2018-19 ¹⁰²	6.24	2.45	51.61
Descriptive Statistics			
Average	8.09	1.09	35.96
CV	43.19	92.60	27.56
CARG	-8.56	38.18	7.16
t – value	6.95	3.24	10.89
Trend Values			
2019-20	2.98	2.76	47.41
2020-21	1.96	3.09	49.69
2021-22	0.94	3.43	51.98
2022-23	-0.08	3.76	54.27
2023-24	-1.11	4.10	56.56

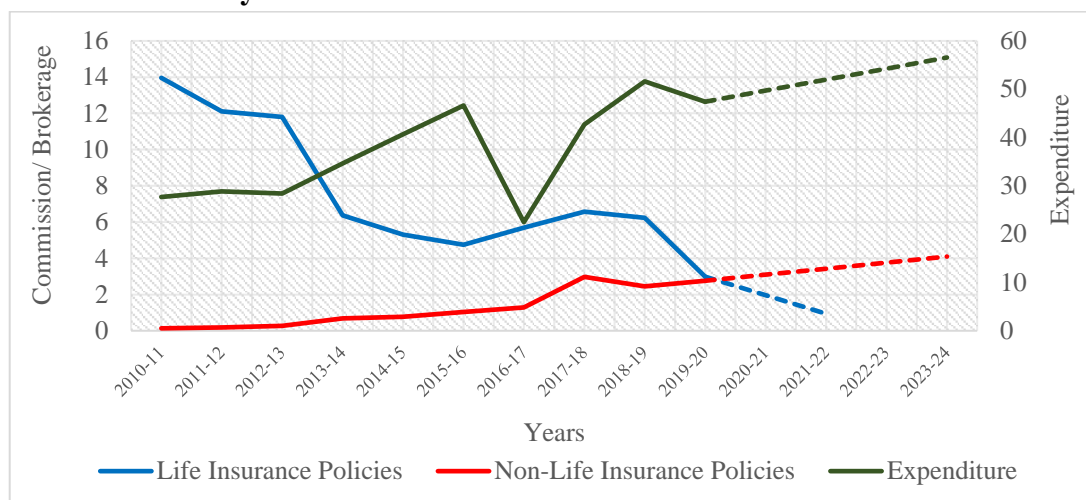
Source: Bank's Annual Reports 2010-11 to 2018-19

In India, the bank with its presence in 17 cities as branches is catering the financial and investment requirements of its customers. From the data in Table No. 3.18, it could be inferred that the performance of the bank in selling non-life insurance policies was much better than the selling of life insurance policies as the commission earned for selling life insurance policies decreased in the due course of

time compared to increase in the commission for selling non-life insurance policies. The average commission received for selling life insurance policies was ₹ 8.09 crore which ranged from ₹ 4.75 crore to ₹ 13.96 crore turning out to be the lowest and highest commission received for selling life insurance policies in the year 2015-16 and 2010-11 respectively. The average commission received for selling non-life insurance policies was ₹ 1.09 crore which witnessed continuous growth. However, there was a wide gap with gap in the growth of commission for selling life and non-life insurance policies by the bank as commission for selling life insurance policies decreasing at the rate of 8.56 decreased the commission received for selling life insurance policies by 55.30 percent by the financial year 2018-19 compared to 2010-11, while with the growth rate at 38.18 percent per annum, the commission received for selling non-life insurance policies increased by 1736.90 percent for the same period. The t values expressed that there existed significant changes in the commission received for selling both life and non-life insurance policies. The trend values indicated that by the financial year 2021-22 commission earned for selling life insurance policies might further still decrease and be null. On the other hand, by the financial 2023-24 the commission received for selling non-life insurance policies might increase by 66.87 percent and reach ₹ 4.10 crore compared to 2018-19.

The operating expenses was observed to be growing constantly except in the financial year 2016-17 which recorded considerable decrease. The average operating expenses was ₹ 35.96 crore ranging between ₹ 22.48 crore and ₹ 51.61 crore recording to be the lowest and highest operative expenses incurred in the financial year 2016-17 and 2018-19. The operating expenses growing at the rate of 7.16 percent increase of operating expenses by 86.39 percent by the financial year 2018-19 compared to 2010-11. The t value indicated that changes in operating expenses was significant and the trend values revealed that by the financial year 2023-24 operating expenses incurred by the bank under bancassurance might be ₹ 56.56 crore which might be 9.58 percent more compared to 2018-19.

Chart No. 3.10: Commission earned and expenses incurred through Bancassurance by Deutsche Bank



Source: Table No. 3.18

Chart No. 3.10 presents commission received for selling life and non-life insurance policies by the bank along with operating expenses. The horizontal axis measures years and the primary vertical axis measures commission / brokerage received for selling life and non-life insurance policies, while the secondary vertical axis measures operating expenses of the bank under bancassurance.

d) CITI Bank

Citibank was initiated in 1812 with its headquarters at New York. At present, the bank is operating with 2649 branches located in 19 countries. In India, the bank is operating with 35 branches across the country. The data in Table No. 3.19 presenting commission earned for selling life and non-life insurance policies along with operating expenses incurred under bancassurance by Citi Bank signifies that though commission for selling life insurance decreased continuously, but in the later stage it increased. The average commission earned for selling life insurance was ₹ 42.25 crore which ranged from ₹ 28.48 crore being the lowest commission received in the year 2015-16 to ₹ 63.34 crore being the highest commission received in the year 2018-19.

Table No. 3.19: Commission earned and expenses incurred through Bancassurance by Citi Bank (₹ in crore)

Year	Commissions/ Brokerage		Operating Expenses
	Life	Non-Life	
2010-11 ¹⁰³	50.17	4.52	58.39
2011-12 ¹⁰⁴	40.76	4.97	58.89
2012-13 ¹⁰⁵	39.64	5.56	67.91
2013-14 ¹⁰⁶	33.53	6.42	77.74
2014-15 ¹⁰⁷	30.12	7.18	95.36
2015-16 ¹⁰⁸	28.48	7.60	109.52
2016-17 ¹⁰⁹	40.00	20.94	121.60
2017-18 ¹¹⁰	54.22	21.79	128.41
2018-19 ¹¹¹	63.34	23.09	137.47
Descriptive Statistics			
Average	42.25	11.34	95.03
CV	27.47	70.78	32.25
CARG	2.62	19.87	9.98
t – value	10.92	4.24	9.30
Trend Values			
2019-20	49.65	24.40	150.37
2020-21	51.12	27.01	161.44
2021-22	52.60	29.62	172.50
2022-23	54.08	32.23	183.57
2023-24	55.56	34.84	194.64

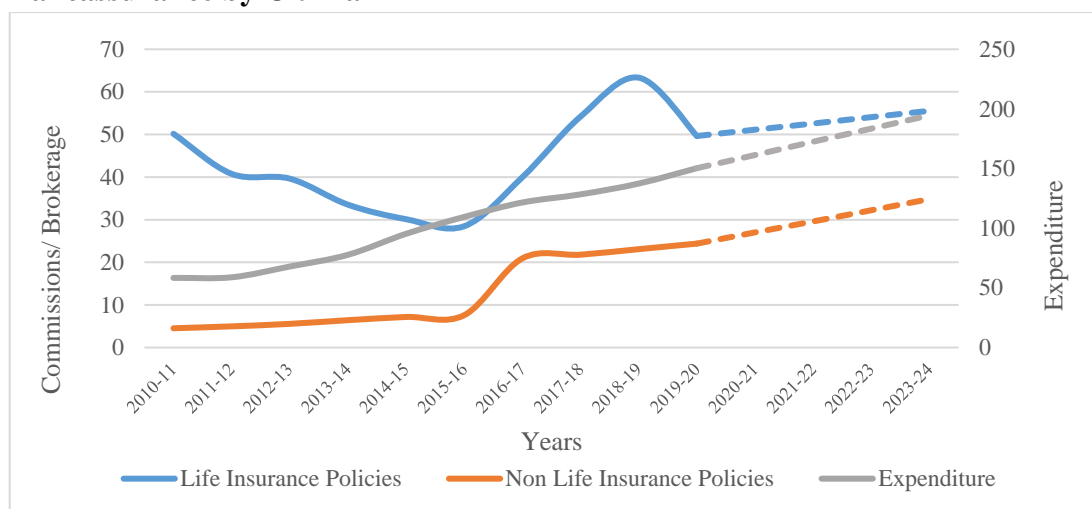
Source: Bank's Annual Reports 2010-11 to 2018-19

The average commission received for selling non-life insurance policies was ₹ 11.34 crore which continuously increased ranging between ₹ 4.52 crore and ₹ 23.09 crore being the lowest and highest commission received in the year 2010-11 and 2018-19 respectively. It is to be observed that the increase was considerably high in the financial year 2016-17 compared to its previous years as the increase was about three time compared to its previous year. As such, the fluctuation in the growth of commission received for selling life insurance policies was more consistent with least coefficient of variation (27.47 percent) compared to non-life insurance policies which was considerably high (70.78 percent). The growth in commission received for selling non-life insurance policies was high with 19.87 percent per annum which

increased the commission for selling non-life insurance policies by 410.84 percent by the financial year 2018-19 compared to 2010-11, while for the same period, commission received for selling life insurance policies with growth rate at 2.62 percent per annum increased by 26.25 percent. The t values indicated that the changes in the commission received for selling life and non-life insurance policies was significant. The trend values predicted that by the financial year 2023-24 the commission received for selling life insurance might decrease by 12.28 percent and reach ₹ 55.56 crore compared to 2018-19, while the commission received for selling non-insurance policies might increase by 50.90 percent and reach ₹ 34.84 crore for the same period.

The operating expenses showed gradual increase. The average operating expenses of the bank under bancassurance was ₹ 95.03 ranging from ₹ 58.39 crore to ₹ 137.47 crore being the lowest and highest commission received in the year 2010-11 and 2018-19. With the growth rate at 9.98 percent per annum, operating cost of the bank under bancassurance increased by 135.43 percent by the financial year 2018-19 compared to 2010-11. The t value suggested the growth in the operating expenses was significant and the trend values indicated that by 2023-24 operating expenses might further increase by 41.59 percent by reaching ₹ 194.64 crore compared to 2018-19.

Chart No. 3.11: Commission earned and expenses incurred through Bancassurance by Citi Bank



Source: Table No. 3.19

Chart No. 3.11 presenting commission received for selling life and non-life insurance policies under bancassurance by Citi Bank measures years on the horizontal axis, commission received on the primary vertical axis and operating expenses on the secondary vertical axis.

3.10 CONCLUSION

Bancassurance is one of the most emerging concepts which is beneficial to both banks and insurance companies. The bank customers are also considerably benefited with bancassurance. Through bancassurance insurance companies are benefited as they can penetrate the vast customer base available in the banks, while banks are benefited as they by using their existing customer base can generate additional income by selling insurance products. As such, banks and insurance companies come into agreement in order to sell insurance products through banks. In doing these, banks get additional income, while insurance companies cover untapped uninsured population. Bancassurance has been subjected to various changes since its inception. Earlier banks were only allowed to act as the agents of the insurance companies, but now they are allowed to go for joint venture. As such, now insurance sector has become as a subsidiary of the banks. Banks received commission for selling insurance products that is both life and non-life insurance products. The present chapter, after analysing the performance of bancassurance under public, private and foreign sector banks has observed that all banks widely concentrated in selling life insurance policies compared to non-life insurance policies as there existed wide gap between the commission received for selling life and non-life insurance companies. However, the present chapter revealed that the overall commission received for selling life and non-life insurance continuously increased in both public sector banks and private sector banks. The performance of foreign banks was not satisfactory when compared to public sector banks and private sector banks under bancassurance as the commission received for selling life and non-life insurance products recorded decreasing trend. Hence, it could be concluded that, the performance of public sector and private sector banks are progressive and in future, bancassurance can be still more progressive if banks and insurance companies design insurance products in accordance to the requirement of the customers.

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CHAPTER 4

DATA ANALYSIS & INTERPRETATION

4.1 INTRODUCTION

Financial integration, new technologies, universalization of banking and diversification of banking activities are the major causes for bancassurance. The financial sector has started to provide various financial and non-financial products under one roof, one such example is bancassurance. Bancassurance concept has gained importance around the world and India has no exception to this. The banking sector has framed several strategies to provide various financial products under one roof to the customers. On the other hand, Insurance sectors are also framing various strategies and are providing several facilities to the banking sector for the successful implementation of the bancassurance.

With this regard, the present chapter concentrates on the various factors involved in bancassurance implementation in banks, as well as the factors and the strategies adopted by the insurance companies to consider bank as its distribution channel in the Shivamogga and Chikkamagaluru districts of Karnataka state. In this respect, the primary data is collected from the bank official and the insurance representatives of the SBI and the Canara bank.

Data have been collected from 225 respondents in this study. 182 respondents are bank employees and 43 respondents are insurance company's employees are considered in the study. Statistical Package for Social Sciences (SPSS) version 21.0 was employed for tabulation and graphical representation of data. Statistical tools used in the analysis are percentage analysis, mean analysis, bi-variate correlation analysis and Chi-square test. In the following paragraphs, analysis and interpretation is presented as below.

4.2 RELIABILITY ANALYSIS

4.2.1 Pilot Survey

A pilot survey is a small scale of data collection before the actual data is collected from respondents. The purpose of pilot survey is to ensure whether the questionnaire is fully understood by the respondents or not. At the same time, it also identifies problems that may arise as well as to test its reliability and validity. In this research, a pilot test was conducted before the actual survey. Pilot survey acts as a tool to help researcher in identifying problems and to make necessary adjustments and amendments.

The pilot survey had a sample of 25 bank officials and 10 insurance company representatives from Shivamogga and Chikkamagaluru districts. Printed questionnaire was employed for the pilot survey.

4.2.2 Reliability Analysis using Cronbach's Alpha

The reliability describes whether “measuring instrument is reliable to the extent that independent administrations of the same instrument consistently yield similar results”. Reliability is also the proportion of the variation among score from one administration to another with respect to consistency in capturing response. Cronbach’s alpha is used to measure the reliability (internal consistency of a measure) and the value of Cronbach’s alpha should be greater than 0.70. In the study, the Cronbach’s Alpha Coefficient was used to assess the reliability of all the constructs. Reliability is the degree to which measures are free from errors and therefore yield consistent results. Low reliability indicates the imperfection in the measuring process that influenced the research project in different ways each time when the measurement is taken. The reliability test is to ensure that the question asked is able to measure the variables. Reliability is indicated by Cronbach’s Alpha or Coefficient Alpha. Cronbach’s Alpha Co-efficient of Constructs for bank officials, the overall alpha is 0.810 and for insurance representatives the overall alpha result is 0.837, hence the questionnaire is reliable.

4.2.3 Reliability Analysis Result for Pilot Survey

The Cronbach's Alpha Coefficient was used to assess the reliability of all constructs. When the coefficient range is high, it means stronger correlation and resulted higher reliability of the research results. The result of the reliability test is shown in the table below.

Following are the constructs considered for the study such as, competition, professional staff, large customers database, customers acquaintance, infrastructure, network, cost and financial synergy, product diversification and brand image synergy, optimization and enhanced productivity, customers retention and satisfaction, problems realised by banks in functioning and selling of insurance products and changes in the banks after bancassurance adoption.

Table No. 4.1: Cronbach's Alpha Coefficient of Constructs for Bank Officials Questionnaire

Construct	Items	Alpha	Remarks
Competition Factor	5	0.839	Good
Professional Staff	5	0.790	Good
Large Customers Database	3	0.708	Acceptable
Customers Acquaintance Factors	4	0.770	Good
Infrastructural Factor	4	0.882	Good
Network /Geographical Factor	4	0.780	Good
Cost Synergy	5	0.819	Good
Financial Synergy	6	0.822	Good
Product Diversification and Brand Image Synergy	4	0.809	Good
Optimization And Enhanced Productivity	4	0.778	Good
Customers Retention and Satisfaction	4	0.725	Acceptable
Problems Realized by Banks in Functioning	8	0.909	Very Good
Problems Realized by Banks in Selling Insurance Products	6	0.850	Good
Changes After Bancassurance Adoption	10	0.863	Good

Source: Field survey

Table No. 4.2: Cronbach's Alpha Coefficient of Constructs for Insurance Representatives Questionnaire

Construct	Items	Alpha	Remarks
Factors Considered for Selecting Bank	10	0.880	Good
Strategic Partner	5	0.895	Good
Operational And Administrative Elements	5	0.704	Acceptable
Training To Bank Personnel	9	0.868	Good

Source: Field survey

Based on Table No. 4.1 and 4.2, it is evident that all the variables, such as factors considered for selecting bank, strategic partner, operational and administrative element and training to bank employees are considered and are reliable as the values of Cronbach's Alpha Coefficient are above 0.70. The overall results indicate that every item is measuring the same underlying variable. Therefore, we conclude that the questionnaire is reliable and the data can be collected and tabulated for the analysis

4.3 DESCRIPTIVE STATISTICS OF BANK EMPLOYEES

The following table shows the descriptive statistics of bank employees of SBI and Canara bank of Shivamogga and Chikkamagaluru district.

Table4.3: Distribution of respondents based on Geographical region and Bank Wise

Particulars		Name of the Bank		Total
		SBI	Canara Bank	
District	Shivamogga	41	61	102
	Chikkamagaluru	34	46	80
Total		75	107	182

Source: Field survey

Table No. 4.3 represents the district wise and Bank wise profile of respondents. 41.21% of respondents represent SBI and 59.79% respondents represent Canara Bank. Out of 80 bank officials from Chikkamagaluru District, 42.5% respondents represent SBI and 57.5% respondents represent Canara Bank.

To conclude, out of 182 respondents, 41.2% and 58.8% respondents have been selected from SBI and Canara Bank operating in Shivamogga and Chikkamagaluru Districts respectively. The percentage of SBI officials in the study is 41.20 % and percentage of Canara bank officials in the study is 58.80%.

Chart No. 4.1: Distribution of respondents based on Geographical region and Bank Wise

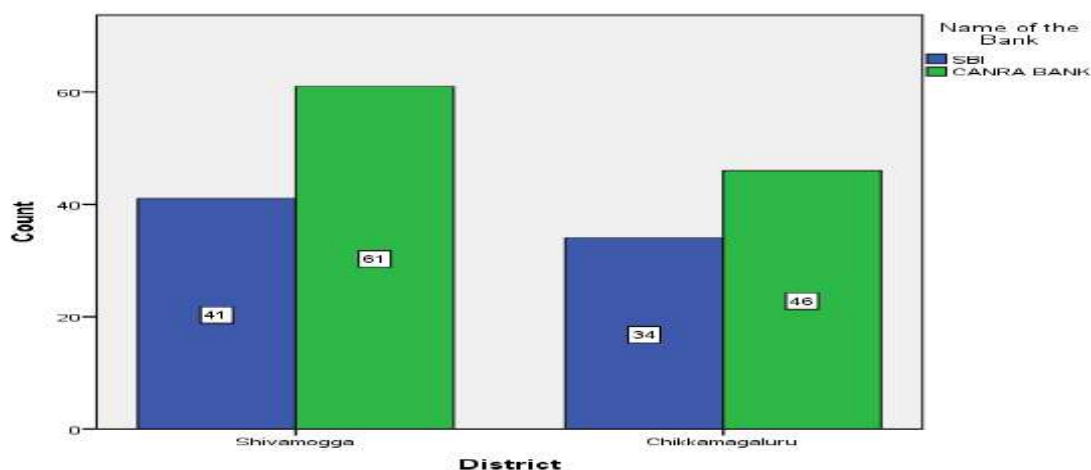


Table No. No.4.4: Distribution of respondents based on Gender

Particulars		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	160	87.9	87.9	87.9
	Female	22	12.1	12.1	100.0
	Total	182	100.0	100.0	

Source: Field survey

Table No. 4.4 presents, the classification of respondents based on gender. 87.9% (160) of them are male respondents, and 12.1% (22) of them are female respondents. To conclude, the above table shows major chunk of the respondents representing the survey are male respondents.

Chart No. 4.2: Distribution of respondents based on Gender

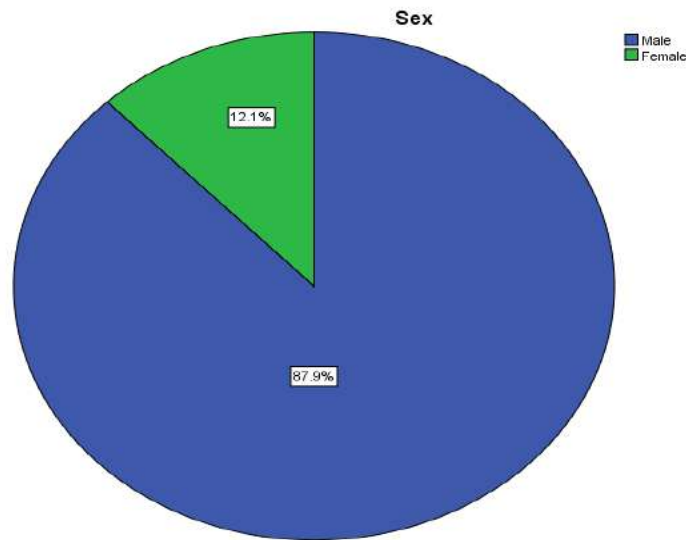


Table No. 4.5: Distribution of respondents based on Age

Age (in years)	Frequency	Percent	Valid Percent	Cumulative Percent
20-30	28	15.4	15.4	15.4
30-40	95	52.2	52.2	67.6
40-50	46	25.3	25.3	92.9
50-60	13	7.1	7.1	100.0
Total	182	100.0	100.0	

Source: Field survey

Table No. 4.5 signifies distribution based on the age group of respondents. The study focuses on the age range from 20 to 30 years, 30 to 40 years, 40 to 50 years, and 50 to 60 years. 15.4 % (28) of the respondents fall in the age group of 20 to 30 years, 52.2 % (95) respondents fall under the range of 30 to 40 years, 25.3% (46) respondents fall under the range of 40 to 50 years and 7.1% (13) respondents fall under the age group 50-60 Years.

To conclude, the majority of the respondents are in the age group between 30-40 years.

Chart No. 4.3: Distribution of respondents based on Age

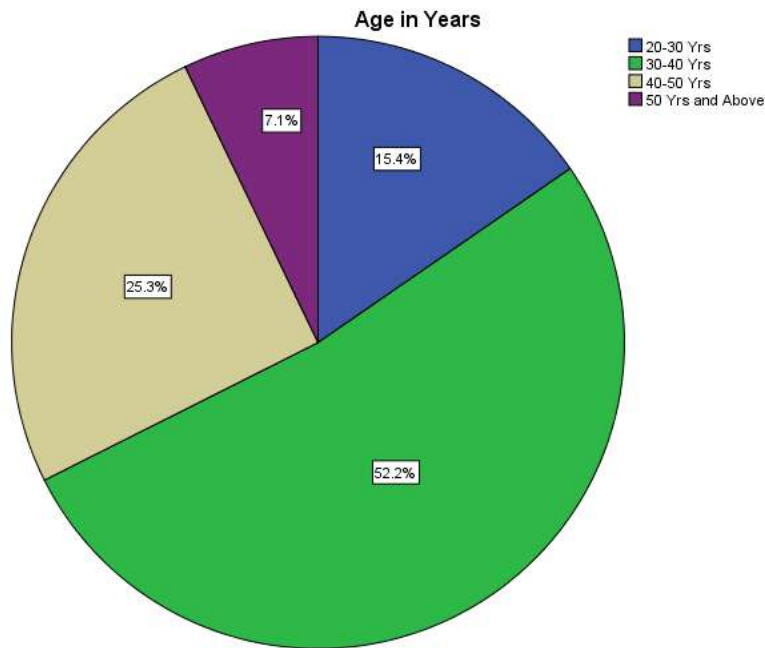


Table No. 4.6: Distribution of respondents based on Geographical Location of the Bank

Locality of the Bank	Frequency	Percent	Valid Percent	Cumulative Percent
Urban	39	21.4	21.4	21.4
Semi Urban	38	20.9	20.9	42.3
Rural	105	57.7	57.7	100.0
Total	182	100.0	100.0	

Source: Field survey

Table No. 4.6 indicates the distribution of the respondents based on geographical location of the bank. 21.4% (39) respondents are working in banks operating in urban area, i.e. district headquarters, 20.9 % (38) of respondents are working in banks operating in semi urban area that is taluk headquarters, and 57.7% (105) of respondents are working in banks which are operating in rural areas of both the districts.

To conclude, the majority of the respondents are working in banks which are operating in rural areas of both the districts.

Chart No. 4.4: Distribution of respondents based on Geographical Location of the Bank

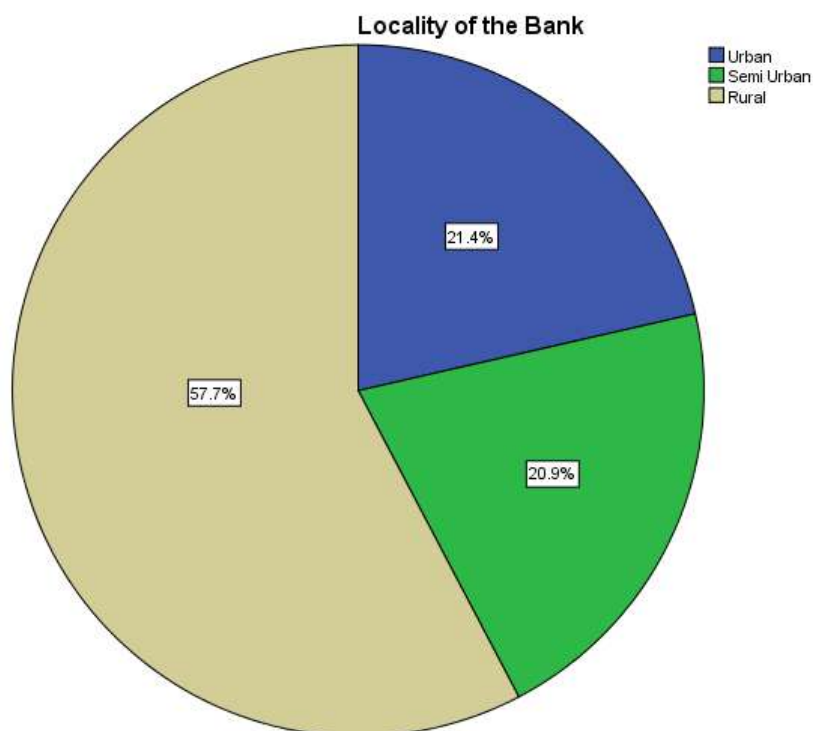


Table No. 4.7: Extent of Bancassurance being practiced in study area.

Name of the Bank and Locality			Bancassurance Practice Level				Total
			Not at all	Partially	Significantly	Completely	
SBI	Locality of the Bank	Urban	0	3	4	11	18
		Semi Urban	0	1	7	18	26
		Rural	0	3	10	18	31
	Total	0	7	21	47	75	
Canara Bank	Locality of the Bank	Urban	0	1	9	11	21
		Semi Urban	0	0	3	9	12
		Rural	0	1	32	41	74
	Total	0	2	44	61	107	
Total	Locality of the Bank	Urban	0	4	13	22	39
		Semi Urban	0	1	10	27	38
		Rural	0	4	42	59	105
	Total	0	9	65	108	182	

Source: Field survey

Table No. 4.7 indicates the extent of bancassurance being practiced at respondent's bank at different geographical locations. Out of 75 SBI Branches considered in the study, seven branches are practising partially, 28% (21) branches significantly and 62.2% (47) branches completely practising bancassurance. Out of 107 Canara Bank branches considered in the study bancassurance, 1.87 % (2) branches are practicing partially, 41.12% (44) branches significantly and 57.01% (61) branches completely practising bancassurance.

To conclude, 24.0% (18) branches of SBI and 19.63% (21) branches of Canara Bank operating in urban areas, 34.67% (26) branches of SBI and 11.21% (12) branches of Canara Bank are operating in semi-urban areas and 41.33% (31) branches of SBI and 69.16% (74) branches of Canara Bank are operating in rural areas are completely practicing bancassurance. It indicates that, major portion of the bank considered in the study are practising bancassurance predominantly.

Table No. 4.8: Number of Insurance Company Products Sold at Bank Counter

Name of the Bank and Locality			No. of Insurance Companies Products		Total
			1-3	4-6	
SBI	Locality of the Bank	Urban	18	0	18
		Semi Urban	26	0	26
		Rural	31	0	31
	Total		75	0	75
CANRA BANK	Locality of the Bank	Urban	0	21	21
		Semi Urban	0	12	12
		Rural	0	74	74
	Total		0	107	107
Total	Locality of the Bank	Urban	18	21	39
		Semi Urban	26	12	38
		Rural	31	74	105
	Total		75	107	182

Source: Field survey

Table No. 4.8 indicates the number of insurance companies products sold at respondent bank geographical location wise. Out of 75 SBI branches considered in the study, 24 % (18) urban branches, 34.7 % (26) semi urban branches and 41.3 % (31) rural branches sell less than 4 insurance products. And out of 107 Canara bank branches 19.6% (21) urban branches, 11.21% (12) semi-urban branches, and 69.2% (74) rural branches sell 4-6 types of insurance products.

SBI sells only 3 products of SBI life insurance and SBI General Insurance. Canara Bank sells 4-6 insurance companies' products of Canara HSBC OBC (Life insurance), Tata AIG, Bajaj Allianz, Apollo Munich, United India (General insurance). To conclude, Canara Bank is associated with more number of insurance companies compared to SBI.

Table No. 4.9: Employee Responsible for Sale of Insurance Products at Respondent Bank

Name of the Bank			Type of Employee		Total
			Bank Manager	Bank and Insurance Representatives	
SBI	Locality of the Bank	Urban	0	18	18
		Semi Urban	0	26	26
		Rural	0	31	31
	Total		0	75	75
Canara Bank	Locality of the Bank	Urban	0	21	21
		Semi Urban	0	12	12
		Rural	0	74	74
	Total		0	107	107
Total	Locality of the Bank	Urban	0	39	39
		Semi Urban	0	38	38
		Rural	0	105	105
	Total		0	182	182

Source: Field survey

Table No. 4.9 Shows the employee responsible for bancassurance services at respondent bank. In all the branches of SBI and Canara Bank bancassurance service at the respondent's bank is taken care by Bank or Insurance representatives. To conclude, both the banks have dedicated work force for to carry out bancassurance services.

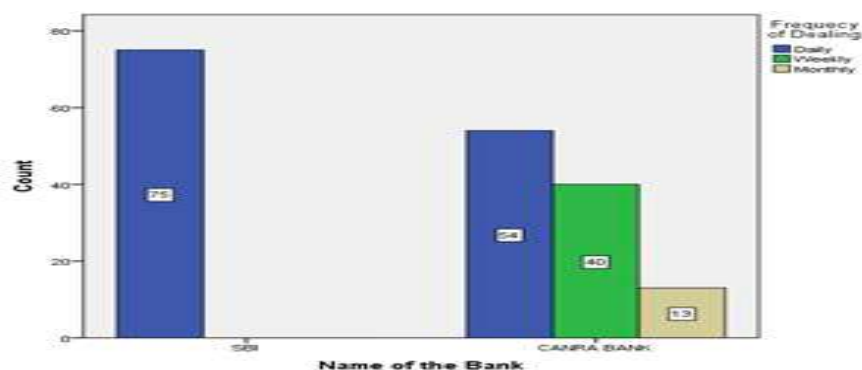
Table No. 4.10: Frequency of Bank employees dealing with the Customers for Bancassurance.

Particulars		Frequency of Dealing			Total
		Daily	Weekly	Monthly	
Name of the Bank	SBI	75	0	0	75
	Canara Bank	54	40	13	107
Total		129	40	13	182

Source: Field survey

Table No. 4.10 indicates the frequency of bank employees dealing with the customers for bancassurance. SBI Employees working in various branches of Shivamogga and Chikkamagaluru districts meet customer on the daily basis. And the 50.5 % (54) employees of the Canara Bank meet customers on the daily basis and 37.3% (40) employees meet customers on weekly basis and 12.2% (13) employees on monthly basis. To conclude, majority of the bank officials meet the customers with regard to bancassurance services on the daily basis which indicates that, bank is committed towards the promotion of bancassurance services to its customers.

Chart No. 4.5: Frequency of Bank employees dealing with the Customers for Bancassurance.



4.4 MOTIVATIONAL FACTORS FOR BANCASSURANCE INCLUSION IN BANKS

Following are the motivational factors considered for the study:

4.4.1 Competition Factor

Various competition factors such as large customer database, untapped and uninsured population, insurance awareness among bank customers and demand for insurance products, better range of financial services, bancassurance as a hedging tool in case of margin decline on traditional banking products are considered.

Competition Factor	Question Code
A large customers database helps to overcome competition	CF1
Untapped and uninsured population provides opportunity for bancassurance	CF2
Insurance awareness among bank customers and demand for insurance products	CF3
Banks can provide better range of financial services	CF4
Used as a hedging tool against margin decline on traditional banking products	CF5

Table No.4.11: Distribution of respondent's opinion on Competition as a motivational factor for Bancassurance inclusion in Bank

Particulars	Competition Factor				
	CF1	CF2	CF3	CF4	CF5
Not at all important	0%	0%	.5%	0%	.5%
Less important	1.1%	3.3%	5.5%	6.6%	7.7%
Neutral	8.8%	18.7%	21.4%	21.4%	26.4%
Important	26.9%	58.2%	42.3%	46.2%	41.8%
Highly important	63.2%	19.8%	30.2%	25.8%	23.6%
Total	100.0	100.0	100.0	100.0	100.0

Source: Field survey

Based on the factors of competition, analysis and interpretation have been made as per the Table No. 4.12 and 4.13 respectively.

Table No. 4.12: Distribution of respondent's opinion on Competition as a motivational factor for Bancassurance inclusion in Bank-Bank Wise

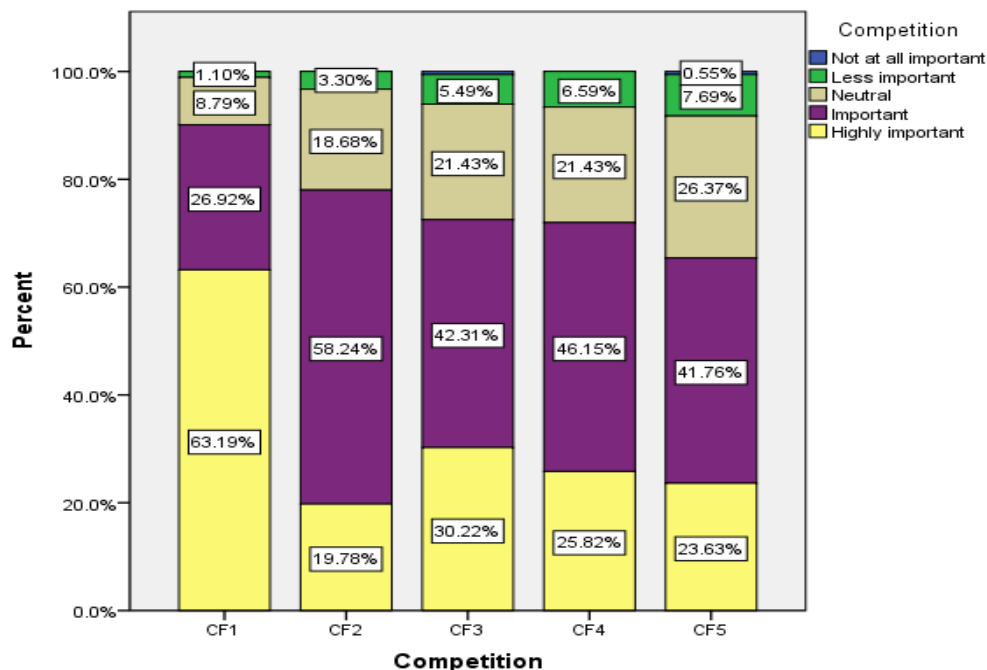
Competition Factor		Canara Bank		SBI	
		Frequency	Percentage	Frequency	Percentage
CF1	Not at all important	0	0.0%	0	0.0%
	Less important	1	0.9%	1	1.3%
	Neutral	16	15.0%	0	0.0%
	Important	46	43.0%	3	4.0%
	Highly important	44	41.1%	71	94.7%
	Total	107	100.0%	75	100.0%
CF2	Not at all important	0	0.0%	0	0.0%
	Less important	5	4.7%	1	1.3%
	Neutral	33	30.8%	1	1.3%
	Important	56	52.3%	50	66.7%
	Highly important	13	12.1%	23	30.7%
	Total	107	100.0%	75	100.0%
CF3	Not at all important	1	0.9%	0	0.0%
	Less important	10	9.3%	0	0.0%
	Neutral	38	35.5%	1	1.3%
	Important	44	41.1%	33	44.0%
	Highly important	14	13.1%	41	54.7%
	Total	107	100.0	75	100.0
CF4	Not at all important	0	0.0%	0	0.0%
	Less important	11	10.3%	1	1.3%
	Neutral	36	33.6%	3	4.0%
	Important	47	43.9%	37	49.3%
	Highly important	13	12.1%	34	45.3%
	Total	107	100.0	75	100.0
CF5	Not at all important	1	0.9%	0	0.0%
	Less important	14	13.1%	0	0.0%
	Neutral	44	41.1%	4	5.3%
	Important	39	36.4%	37	49.3%
	Highly important	9	8.4%	34	45.3%
	Total	107	100.0	75	100.0

Source: Field survey

Table No. 4.11 indicates the distribution of respondent's opinion on Competition as a motivational factor for Bancassurance inclusion in Bank. 90.1% of the respondents felt that, large customers database help to overcome competition and untapped and uninsured population provides opportunity for bankers to practice bancassurance. It can also be observed that, 78% of the respondents feel that, the banks can create awareness about insurance products to its customers and can enhance the demand for insurance products.72.5% of the respondents opinioned that, banks can provide better range of financial services to its customers by providing one stop solution to its customers. 65.4% respondents felt that, banks also use insurance products as a hedging tool against margin decline on traditional banking products.

To conclude, it is evident from the analysis that, majority of the respondents felt, competition as the one of the important motivating factors for bancassurance inclusion in Bank. It is also evident from Table No. 4.12 that both Canara Bank and SBI consider competition as one of the important motivating factors for bancassurance inclusion in Bank.

Chart No.4.6: Distribution of respondent's opinion on Competition as a motivational factor for Bancassurance inclusion in Bank



H₀₁: Competition is an insignificant motivating factor in adopting bancassurance by the bank.

H_{A1}: Competition is a significant motivating factor in adopting bancassurance by the bank.

Table No. 4.13: Chi-Square test Result for Competition as a Motivating Factor

Competition Factor	Chi-Square	df	N	Sig.
A large customers database help to overcome competition	167.143	4	182	.000
Untapped and uninsured population provides opportunity for bancassurance	119.626	4	182	.000
Insurance awareness among bank customers and demand for insurance products	108.549	4	182	.000
Banks can provide better range of financial services	58.220	4	182	.000
Used as a hedging tool against margin decline on traditional banking products	96.187	4	182	.000

Source: Field Survey

It is evident from the Table No. 4.13 that, calculated values are greater than the table value of 9.48 for $df = 4$ at 5 % (0.05) level of Significance. Therefore, we can conclude that, Competition is a significant motivating factor in adopting bancassurance by the bank.

Both bank and insurance companies are facing high level of competition. Banks are now required to serve the customers beyond the limit of the traditional banking services. Since banks possess large customers database it can help the banks to overcome competition, and tap the uninsured population in the market. Banks can use bancassurance as a hedging tool against marginal decline of the traditional banking products and services. Hence, it can be observed that, competition may be a significant factor for adopting bancassurance by the bank for the growth and sustainability of the bank.

4.4.2 Professional Staff

Various professional qualities of bank staff, such as image of trustworthy and reliable financial provider, service-oriented culture, well trained huge staff, financial language and terminology of the staff are tested in the study.

Professional Staff	Question Code
Bank image as a trustworthy and reliable financial provider	PS1
Image of the staff as a financial advisor helps to implement bancassurance	PS2
Banks service-oriented culture create trust in the customers mind	PS3
Well trained huge staff can be employed successfully	PS4
Financial language and terminology familiarity of the staff helps for easy implementation	PS5

Table No. 4.14.: Distribution of respondent's opinion on Professionalism of the Staff as a motivational factor for Bancassurance inclusion in Bank

Particulars	Index1				
	PS1	PS2	PS3	PS4	PS5
Not at all important	0%	0%	0%	0%	1.1%
Less important	3.3%	6.6%	7.1%	2.7%	7.7%
Neutral	20.3%	20.3%	25.3%	18.7%	20.9%
Important	30.8%	47.3%	46.2%	50.5%	50.5%
Highly important	45.6%	25.8%	21.4%	28.0%	19.8%
Total	100.0	100.0	100.0	100.0	100.0

Source: Field Survey

Based on the factors of professional staff, analysis and interpretation have been made as per the Table No. 4.15 and 4.16 respectively.

Table No. 4.15.: Distribution of respondent’s opinion on Professionalism of the Staff as a motivational factor for Bancassurance inclusion in Bank-Bank Wise

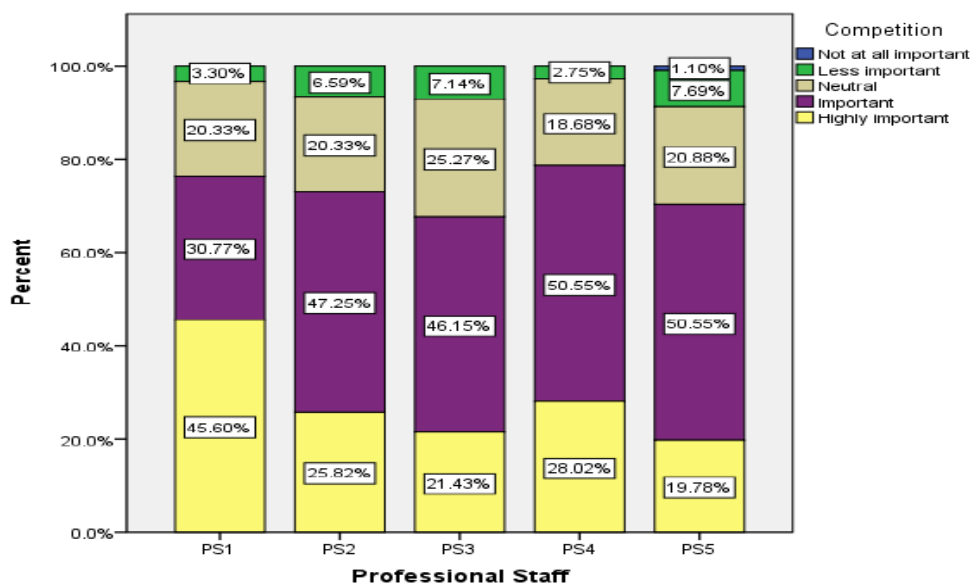
Professional Staff		Canara Bank		SBI	
		Frequency	Percentage	Frequency	Percentage
PS1	Not at all important	0	.0%	0	.0%
	Less important	6	5.6%	0	.0%
	Neutral	37	34.6%	0	.0%
	Important	35	32.7%	21	28.0%
	Highly important	29	27.1%	54	72.0%
	Total	107	100.0	75	100.0
PS2	Not at all important	0	.0%	0	.0%
	Less important	12	11.2%	0	.0%
	Neutral	37	34.6%	0	.0%
	Important	46	43.0%	40	53.3%
	Highly important	12	11.2%	35	46.7%
	Total	107	100.0	75	100.0
PS3	Not at all important	0	.0%	0	.0%
	Less important	12	11.2%	1	1.3%
	Neutral	43	40.2%	3	4.0%
	Important	43	40.2%	41	54.7%
	Highly important	9	8.4%	30	40.0%
	Total	107	100.0	75	100.0
PS4	Not at all important	0	.0%	0	.0%
	Less important	4	3.7%	1	1.3%
	Neutral	27	25.2%	7	9.3%
	Important	59	55.1%	33	44.0%
	Highly important	17	15.9%	34	45.3%
	Total	107	100.0	75	100.0
PS5	Not at all important	2	1.9%	0	.0%
	Less important	12	11.2%	2	2.7%
	Neutral	32	29.9%	6	8.0%
	Important	48	44.9%	44	58.7%
	Highly important	13	12.1%	23	30.7%
	Total	107	100.0	75	100.0

Source: Field Survey

Table No. 4.14 indicates the distribution of respondent's opinion on Professionalism of the Staff as a motivational factor for Bancassurance inclusion in Bank. 76.4% of the respondents felt that, Bank is considered trustworthy and reliable financial provider by the customer because of the bank image, as well as, the image of the bank staff as a financial advisor helps the bank to implement bancassurance in their respective banks. It can also be observed from the analysis that, 67.6% of the respondents opined that, banks service-oriented culture can create trust in the mind of the customers, there by motivating the customers to buy insurance products from the bank.78.5% of the respondents also felt that, well trained and massive staff can be an added advantage for selling insurance products. 70.3% of the respondents said that, when the bank employees are good in understanding financial language and terminology it can help banks to implement bancassurance effectively.

To conclude, it is evident from the analysis that, majority of the respondents felt Professionalism of the Staff as the one of the important motivating factors for bancassurance inclusion in Bank. It is also evident from Table No. 4.15 that both Canara Bank and SBI felt Professionalism of the Staff as one of the important motivating factors for bancassurance inclusion in Bank.

Chart No. 4.7: Distribution of respondent's opinion on Professionalism of the Staff as a motivational factor for Bancassurance inclusion in Bank



H₀₂: Professionalism in the staff is an insignificant motivating factor in adopting bancassurance by the bank.

H_{A2}: Professionalism in the staff is a significant motivating factor in adopting bancassurance by the bank.

Table No. 4.16: Chi-Square test Result for Professionalism in the Staff as a Motivating Factor

Professionalism in the Staff	Chi-Square	Df	N	Sig.
Bank image as a trustworthy and reliable financial provider.	69.20	4	182	.000
Image of the staff as a financial advisor helps to implement bancassurance.	62.35	4	182	.000
Banks service-oriented culture creates trust in the customer's mind.	56.72	4	182	.000
Well trained huge staff can be employed successfully.	87.14	4	182	.000
Financial language and terminology familiarity of the staff helps for easy implementation.	131.29	4	182	.000

Source: Field Survey

It is evident from the Table No. 4.16 that, calculated values are greater than the table value of 9.48 for $df = 4$ at 5 % (0.05) level of Significance. Therefore, we can conclude that, Professionalism in the staff is a significant motivating factor in adopting bancassurance by the bank.

Banks are considered as trustworthy and reliable by its customers due to the long relationship with banks. This can create trust in the customer's mind while selling the insurance by the banks. Also trained workforce of the bank can promote the insurance plans to the customer due to their positive image created by the employees in the minds of the customer. Having good knowledge on the financial terminology can help staff in better implementation of bancassurance in the bank. Undoubtedly professionalism of the bank workforce is a motivating factor for adopting bancassurance by the bank.

4.4.3 Large Customers Database

Large Customers database play an important role in bancassurance implementation. So, the above-mentioned factors such as large database of retail and corporate customers and bank staff awareness about financial needs of the customer are observed in the study.

Questions	Question Code
Large data base of the retail and corporate customers creates motivational factor for insurance inclusion	LCD1
Bank staff are aware about the financial needs of the customers	LCD2
Financial position and financial requirement of customers helps to design customized products	LCD3

Table No. 4.17: Distribution of respondent's opinion on Large Customers Database as a motivational factor for Bancassurance inclusion in Bank

Particulars	Index1		
	LCD1	LCD2	LCD3
Not at all important	0%	1.1%	1.6%
Less important	0.5%	5.5%	8.2%
Neutral	23.1%	17.0%	25.8%
Important	31.3%	57.1%	36.3%
Highly important	45.1%	19.2%	28.0%
Total	100.0	100.0	100.0

Source: Field Survey

Based on the factors of large customers database, analysis and interpretation have been made as per Table No. 4.18 and 4.19 respectively.

Table No. 4.17 indicates distribution of respondent's opinion on Large Customers Database as a motivational factor for Bancassurance inclusion in Bank. The 76.4% of the respondents felt that, the large data base of the retail and corporate customers of the bank can be an added advantage in insurance inclusion by banks. 76.3% of the respondents felt that, since the bank staffs are aware about the financial

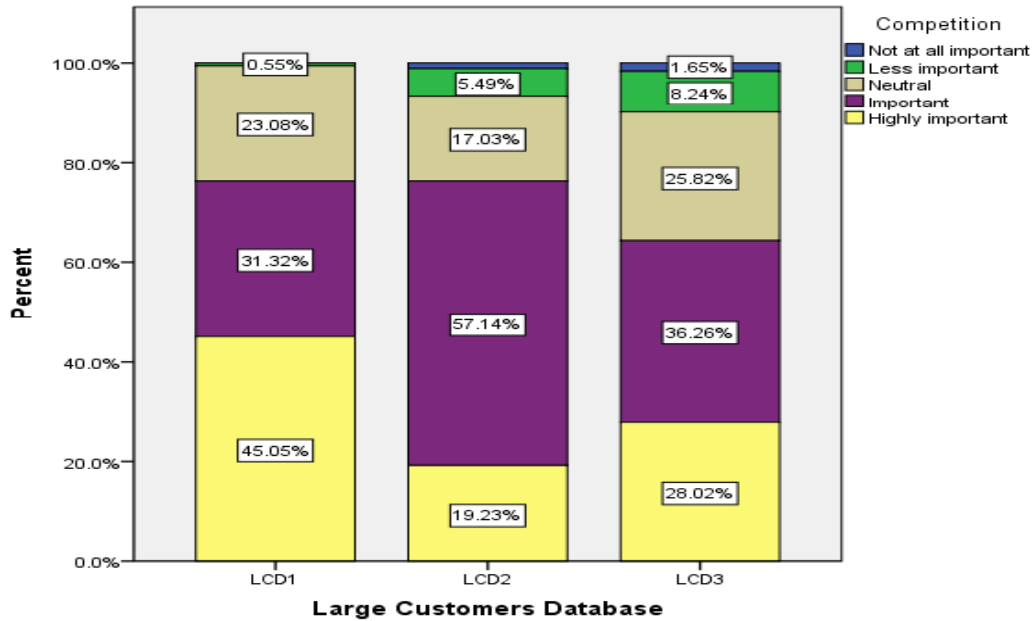
needs of the customers it can help the banks to target the customer's financial demands. 64.3% respondents felt that, it is important to design customized insurance products by understanding the financial position and financial requirement of customers. To conclude, majority of the respondents opined that, large data base of the bank customers can be an added advantage for bancassurance inclusion in Bank. It is also evident from Table No. 4.18, that both Canara Bank and SBI felt large data base of the bank customers can be an added advantage for bancassurance inclusion in banks.

Table No. 4.18.: Distribution of respondent's opinion on Large Customers Database as a Motivational factor for Bancassurance inclusion in Bank-Bank Wise

Large Customers Database		Type of Partner			
		Canara Bank		SBI	
		Frequency	Percentage	Frequency	Percentage
LCD1	Not at all important	0	.0%	0	.0%
	Less important	1	.9%	0	.0%
	Neutral	41	38.3%	1	1.3%
	Important	35	32.7%	22	29.3%
	Highly important	30	28.0%	52	69.3%
	Total	107	100.0	75	100.0
LCD2	Not at all important	2	1.9%	0	.0%
	Less important	10	9.3%	0	.0%
	Neutral	29	27.1%	2	2.7%
	Important	55	51.4%	49	65.3%
	Highly important	11	10.3%	24	32.0%
	Total	107	100.0	75	100.0
LCD3	Not at all important	2	1.9%	1	1.3%
	Less important	14	13.1%	1	1.3%
	Neutral	46	43.0%	1	1.3%
	Important	37	34.6%	29	38.7%
	Highly important	8	7.5%	43	57.3%
	Total	107	100.0	75	100.0

Source: Field Survey

Chart No. 4.8: Distribution of respondent’s opinion on Large Customers Database as a motivational factor for Bancassurance inclusion in Bank



H₀₃: Large customers database is an insignificant motivating factor in adopting bancassurance.

H_{A3}: Large customers database is a significant motivating factor in adopting bancassurance.

Table No. 4.19: Chi-Square test result for large customers database as a Motivating Factor

Large customers Database	Chi-Square	df	N	Sig.
Large data base of the retail and corporate customers creates motivational factor for insurance inclusion	75.97	4	182	.000
Bank staff are aware about the financial needs of the customers	178.0	4	182	.000
Financial position and financial requirement of customers help to design customized products	76.24	4	182	.000

Source: Field Survey

It is evident from the Table No. 4.19, that, calculated values are greater than the table value of 9.48 for $df = 4$ at 5 % (0.05) level of Significance. Therefore, we can conclude that, large customer's database is a significant motivating factor in adopting bancassurance.

Already existing large database of the retail and corporate customers of the bank may increase the success rate of selling the insurance products. With the assistance of technology, bank staff can easily cater to the financial needs of the customers and can promote the wide range of insurance plans to their customers. Bank staff being the customer contact points, can help insurance companies in assessing the financial requirements of the customers in design customized products. Thus, it is evident that, large customers database is a significant motivating factor in adopting bancassurance.

4.4.4 Customers' Acquaintance Factors

The above-mentioned customers' acquaintance factors such as personal and face to face acquaintance with customers, strong and good rapport with customers, personalized services, high volume of contact in a short period of time has been tested by using Chi- Square test.

Questions	Question Code
Personal and face to face acquaintance with customers make easy for bancassurance implementation	CAF1
Strong relationship and good rapport with customers	CAF2
Personalized services to every customer can be provided	CAF3
High volume of customers contact in a short period of time will be favourable to bank	CAF4

Table No. 4.20: Distribution of respondent’s opinion on Customers’ Acquaintance Factors as a motivational factor for Bancassurance inclusion in Bank

Particulars	CAF1	CAF2	CAF3	CAF4
Not at all Important	0%	1.1%	.5%	.5%
Less Important	3.3%	7.7%	5.5%	8.2%
Neutral	19.2%	16.5%	26.4%	20.3%
Important	31.3%	52.2%	41.2%	45.6%
Highly important	46.2%	22.5%	26.4%	25.3%
Total	100.0	100.0	100.0	100.0

Source: Field Survey

Based on the factors of customers’ acquaintance, analysis and interpretation have been made as per the Table No. 4.21 and 4.22 respectively.

Table No. 4.20 indicates distribution of respondent’s opinion on Customers’ Acquaintance factors as a motivational factor for bancassurance inclusion in banks. 77.5% of the respondents agree that, personal and face to face acquaintance of the bank employees with customers help banks to implement bancassurance effectively. 74.7 % of the respondents felt that, the advantage of strong relationship and good rapport with customers can help the banks to sell the insurance in a better way. 70.9% respondent also felt that, personalized services to every customers can be provided by using the existing customer support systems. 72.1% respondents opinioned that, in a short period of time the bank can contact high volume of customers; this can be favorable to bank for practicing bancassurance.

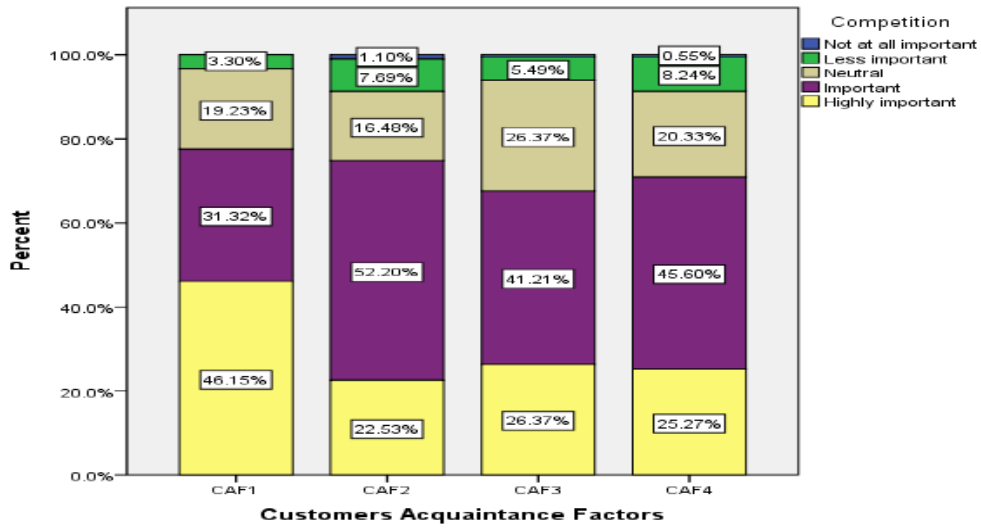
Table No. 4.21: Distribution of respondent’s opinion on Customers’ Acquaintance Factors as a motivational factor for Bancassurance inclusion in Bank-Bank Wise

Customers Acquaintance Factors		Type of Partner			
		Canara Bank		SBI	
		Frequency	Percentage	Frequency	Percentage
CAF1	Not at all important	0	.0%	0	.0%
	Less important	6	5.6%	0	.0%
	Neutral	35	32.7%	0	.0%
	Important	32	29.9%	25	33.3%
	Highly important	34	31.8%	50	66.7%
	Total	107	100.0%	75	100.0%
CAF2	Not at all important	2	1.9%	0	.0%
	Less important	14	13.1%	0	.0%
	Neutral	25	23.4%	5	6.7%
	Important	57	53.3%	38	50.7%
	Highly important	9	8.4%	32	42.7%
	Total	107	100.0%	75	100.0%
CAF3	Not at all important	1	.9%	0	.0%
	Less important	10	9.3%	0	.0%
	Neutral	41	38.3%	7	9.3%
	Important	44	41.1%	31	41.3%
	Highly important	11	10.3%	37	49.3%
	Total	107	100.0%	75	100.0%
CAF4	Not at all important	1	.9%	0	.0%
	Less important	14	13.1%	1	1.3%
	Neutral	34	31.8%	3	4.0%
	Important	50	46.7%	33	44.0%
	Highly important	8	7.5%	38	50.7%
	Total	107	100.0	75	100.0

Source: Field Survey

To conclude, majority of the respondents felt that, Customers’ Acquaintance with bank can be can be a significant motivating factor for bancassurance inclusion in banks. It is also evident from Table No. 4.21, that both Canara Bank and SBI felt that, Customers’ Acquaintance with bank can be can be a significant motivating factor for bancassurance inclusion in Bank.

Chart No. 4.9: Distribution of respondent's opinion on Customers' Acquaintance Factors as a motivational factor for Bancassurance inclusion in Bank



H₀₄: Customers' acquaintance is an insignificant motivating factor in adopting bancassurance.

H_{A4}: Customers' acquaintance is a significant motivating factor in adopting bancassurance.

Table No. 4.22: Chi-Square test Result for Customers' acquaintance as a Motivating Factor

Customers' Acquaintance Factor	Chi-Square	df	N	Sig.
Personal and face to face acquaintance with customers make easy for bancassurance implementation	72.19	4	182	.000
Strong relationship and good rapport with customers	142.34	4	182	.000
Personalized services to every customer can be provided	101.90	4	182	.000
High volume of customers contact in a short period of time will be favourable to bank	109.20	4	182	.000

Source: Field Survey

It is evident from the Table No. 4.22 that, calculated values are greater than the table value of 9.48 for $df = 4$ at 5 % (0.05) level of Significance. Therefore, we can conclude that, Customers' acquaintance is a significant motivating factor in

adopting bancassurance. Hence, Customers' acquaintance is a significant motivating factor in adopting bancassurance.

Bank staffs are having personal and face to face contact with customers make it easy for banks to implement bancassurance. Strong relationship and good rapport with customers can help to extend insurance service to customers and can provide personalized services to every customer. Customers' acquaintance can be beneficial to bank in adopting bancassurance, having high volume of customers contact in a short period of time.

4.4.5 Infrastructural Factor

The above mentioned infrastructural factors such as less additional capital requirement, fee income, one stop shopping and less complication in bancassurance implementation is observed and tested for the study.

Questions	Question Code
Less requirement of additional capital for insurance selling	IF1
Fee income is a source of risk-free income	IF2
Along with other banking products insurance can be sell easily-One stop shopping for financial products	IF3
Already existing marketing and processing capabilities of the bank makes it less complicated to bancassurance implementation	IF4

Table No. 4.23: Distribution of respondent's opinion on Infrastructural Factor as a motivational factor for Bancassurance inclusion in Bank

Infrastructural Factor	IF1	IF2	IF3	IF4
Not at all important	0%	1%	1%	1%
Less important	4%	5%	8%	5%
Neutral	20%	23%	25%	26%
Important	27%	49%	41%	43%
Highly important	49%	22%	25%	25%
Total	100	100	100	100

Source: Field Survey

Based on the factors of infrastructure, analysis and interpretation have been made as per the Table No.4.24 and 4.25 respectively.

Table No. 4.23 indicates distribution of respondent's opinion on Infrastructural Factors as a motivational factor for Bancassurance inclusion in Bank. 76% of the respondents agree that, the bank's existing infrastructure facility can be used for insurance selling, having less requirement of additional capital. 71% of the respondents felt that, the income from selling insurance becomes the source of risk-free income as the bank need not invest money on infrastructure for selling insurance products. 66% of the respondents also felt that, along with other banking products, insurance can be sold easily by converting the traditional banking into a one stop shopping for financial products. 68% respondents opinioned that, already existing marketing and processing capabilities of the bank can make bancassurance implementation less complicated.

Table No. 4.24: Distribution of respondent's opinion on Infrastructural Factor as a motivational factor for Bancassurance inclusion in Bank-Bank Wise

Infrastructural Factor		Canara Bank		SBI	
		Frequency	Percentage	Frequency	Percentage
IF1	Not at all important	0	.0%	0	.0%
	Less important	7	6.5%	0	.0%
	Neutral	33	30.8%	3	4.0%
	Important	32	29.9%	17	22.7%
	Highly important	35	32.7%	55	73.3%
	Total	107	100.0%	75	100.0%
IF2	Not at all important	1	.9%	0	.0%
	Less important	10	9.3%	0	.0%
	Neutral	38	35.5%	4	5.3%
	Important	50	46.7%	39	52.0%
	Highly important	8	7.5%	32	42.7%
	Total	107	100.0	75	100.0
IF3	Not at all important	1	.9%	0	.0%
	Less important	15	14.0%	0	.0%
	Neutral	35	32.7%	10	13.3%
	Important	45	42.1%	30	40.0%
	Highly important	11	10.3%	35	46.7%
	Total	107	100.0	75	100.0
IF4	Not at all important	1	.9%	0	.0%
	Less important	9	8.4%	0	.0%
	Neutral	43	40.2%	4	5.3%
	Important	44	41.1%	35	46.7%
	Highly important	10	9.3%	36	48.0%
	Total	107	100.0%	75	100.0%

Source: Field Survey

To conclude, majority of the respondents felt that, Infrastructural Facility of the bank can be a significant motivating factor for bancassurance inclusion in banks. It is also evident from Table No. 4.24, that both Canara Bank and SBI felt that, Infrastructural Facility of the bank can be can be a significant motivating factor for bancassurance inclusion in Bank.

Chart No. 4.10: Distribution of respondent’s opinion on Infrastructural Factor as a motivational factors for Bancassurance inclusion in Bank

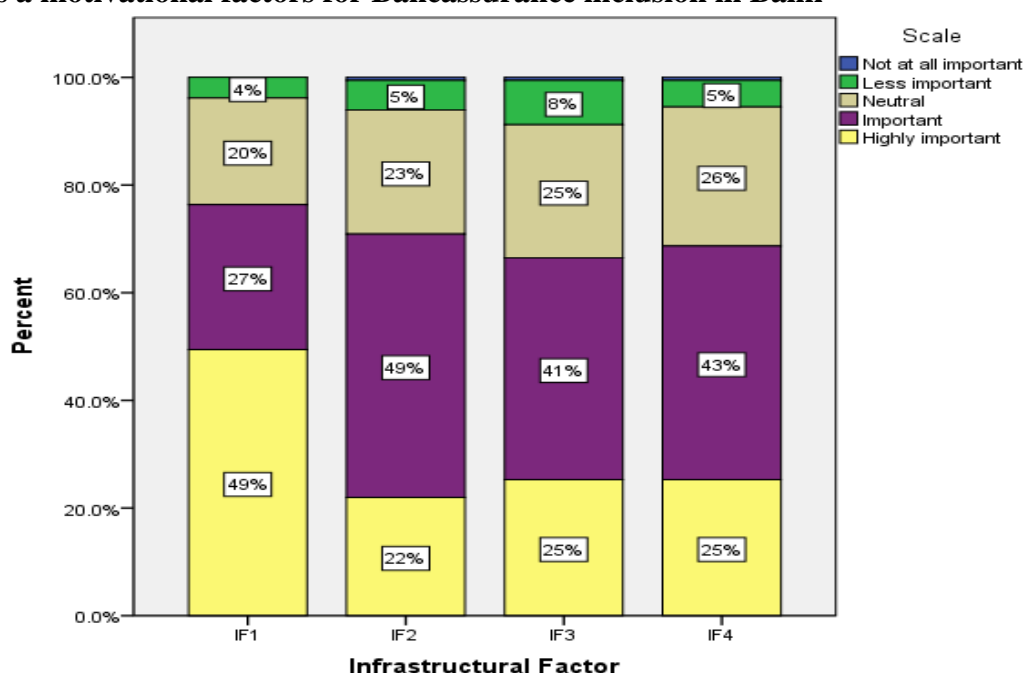


Table No. 4.25: Chi-Square test Result for Bank infrastructure as a Motivating Factor

Bank Infrastructure Factor	Chi-Square	df	N	Sig.
Less requirement of additional capital for insurance selling	78.35	4	182	.000
Fee income is a source of risk-free income	130.80	4	182	.000
Along with other banking products insurance can be sell easily-One stop shopping for financial products	92.50	4	182	.000
Already existing marketing and processing capabilities of the bank makes it less complicated to bancassurance implementation	110.52	4	182	.000

Source: Field Survey

It is evident from the Table No. 4.25 that, calculated values are greater than the table value of 9.48 for $df = 4$ at 5 % (0.05) level of Significance. Therefore, we can conclude that, bank infrastructure is a significant motivating factor in adopting bancassurance.

The existing bank infrastructure would be sufficient for providing insurance services to its customers, for attracting no additional capital, and making bank easy to offer one stop shopping experience for its customer's financial requirements. Already existing marketing and processing capabilities of the bank makes it less complicated for bancassurance implementation. Hence, Bank infrastructure is a significant motivating factor in adopting bancassurance.

4.4.6 Network /Geographical Factor

Various geographical factors like multiple communication channels, multiple promotional tools, wide geographical coverage, branch modernisation and computerisation played a very important motivational factor for bancassurance inclusion in bank.

Questions	Question Code
Banks have multiple communication channel	NGFI
Banks use multiple promotional tool	NGF2
Wide geographical area coverage helps in tapping middle- and lower-income group	NGF3
Overall branch modernization and computerization will be used for insurance promotion also	NGF4

Table No. 4.26: Distribution of respondent's opinion on Network /Geographical Factor as a motivational factor for Bancassurance inclusion in Bank

Network /Geographical Factor	Network /Geographical Factor			
	NGF1	NGF2	NGF3	NGF4
Not at all important	0%	0%	1.1%	.5%
Less important	.5%	3.3%	6.6%	2.7%
Neutral	14.3%	20.9%	22.5%	28.6%
Important	34.6%	58.8%	41.2%	45.1%
Highly important	50.5%	17.0%	28.6%	23.1%
Total	100.0	100.0	100.0	100.0

Source: Field Survey

Based on the factors of geographical, analysis and interpretation have been made as per the Table No. 4.27 and 4.28 respectively.

Table No. 4.27: Distribution of respondent's opinion on Network /Geographical Factor as a motivational factor for Bancassurance inclusion in Bank-Bank Wise

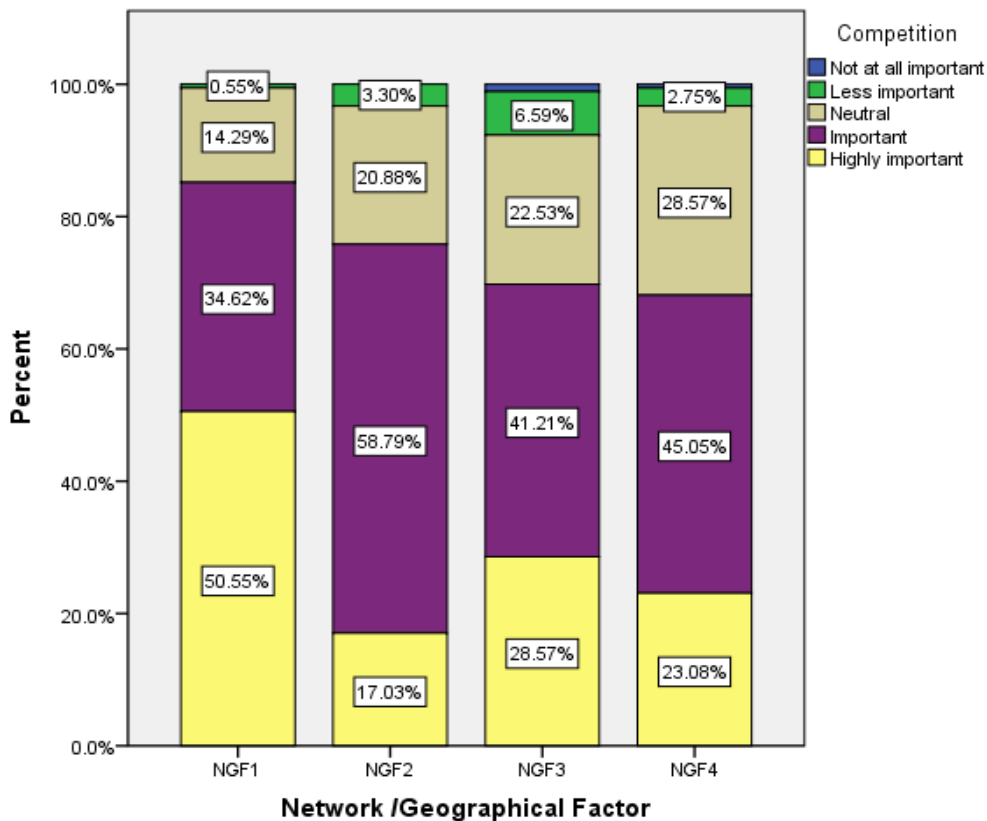
Network /Geographical Factor		Canara Bank		SBI	
		Frequency	Percentage	Frequency	Percentage
NGF1	Not at all important	0	.0%	0	.0%
	Less important	1	.9%	0	.0%
	Neutral	26	24.3%	0	.0%
	Important	49	45.8%	14	18.7%
	Highly important	31	29.0%	61	81.3%
	Total	107	100.0%	75	100.0%
NGF2	Not at all important	0	.0%	0	.0%
	Less important	5	4.7%	1	1.3%
	Neutral	37	34.6%	1	1.3%
	Important	56	52.3%	51	68.0%
	Highly important	9	8.4%	22	29.3%
	Total	107	100.0%	75	100.0%
NGF3	Not at all important	2	1.9%	0	.0%
	Less important	12	11.2%	0	.0%
	Neutral	39	36.4%	2	2.7%
	Important	46	43.0%	29	38.7%
	Highly important	8	7.5%	44	58.7%
	Total	107	100.0%	75	100.0%
NGF4	Not at all important	1	.9%	0	.0%
	Less important	5	4.7%	0	.0%
	Neutral	47	43.9%	5	6.7%
	Important	44	41.1%	38	50.7%
	Highly important	10	9.3%	32	42.7%
	Total	107	100.0%	75	100.0%

Source: Field Survey

Table No. 4.26 indicates distribution of respondent's opinion on Network /Geographical Factors as a motivational factor for Bancassurance inclusion in Bank. 85.1% of the respondents agreed that, Banks have multiple communication channel which can be used to sell the insurance effectively.75.8% of the respondents felt that, banks use its multiple promotional tools to sell the insurance effectively.69.8% of the respondents also felt that, wide geographical area coverage of the banks, can help in tapping middle- and lower-income group customers of bank for selling insurance products.

To conclude, majority of the respondents felt that, Network /Geographical Factor of bank can be can be a significant motivating factor for bancassurance inclusion in Bank. It is also evident from Table No. 4.27, that both Canara Bank and SBI felt that, Network /Geographical Factor of bank can be can be a significant motivating factor for bancassurance inclusion in Bank

Chart No.4.11: Distribution of respondent's opinion on, Network /Geographical factor as a motivational factors for Bancassurance inclusion in Bank



H₀₅: Network/Geographical factor is an insignificant motivating factor in adopting bancassurance by the bank.

H_{A5}: Network /Geographical factor is a significant motivating factor in adopting bancassurance by the bank.

Table No. 4.28: Chi-Square test Result for Bank infrastructure as a Motivating Factor

Network /Geographical Factor	Chi-Square	df	N	Sig.
Banks have multiple communication channel	106.13	4	182	.000
Banks use multiple promotional tool	123.27	4	182	.000
Wide geographical area coverage helps in tapping middle- and lower-income group	97.06	4	182	.000
Overall branch modernization and computerization will be used for insurance promotion also.	126.18	4	182	.000

Source: Field Survey

It is evident from the Table No. 4.28 that the calculated values are greater than the table value of 9.48 for $df = 4$ at 5 % (0.05) level of Significance. Therefore, we can conclude that, Network /Geographical factor is a significant motivating factor in adopting bancassurance by the bank.

Since, banks are geographically distributed through the establishment of branches; it enables banks to penetrate geographically better than insurance companies. By using its established communication channels and promotional tools, banks make it easy to promote insurance products with no or minimum efforts. Existing or upgradation of bank IT infrastructure may be beneficial for promotion of insurance products. Hence, Network /Geographical factor is a significant motivating factor in adopting bancassurance by the bank.

4.5 PERCEIVED BENEFITS OF BANCASSURANCE

Following are the perceived benefits of bancassurance

4.5.1 Cost Synergy

Various cost synergy perceived from bancassurance are low-cost channel, cost synergy due to efficient use of data base, low promotional and administrative cost, low data base management cost, numerous opportunities for cross selling.

Questions	Question Code
Low-cost channel as already existing data used	CS1
Cost synergies due to efficient utilization of data base	CS2
Promotional and administrative cost will be low	CS3
Low database management cost	CS4
Numerous opportunities to cross sell financial products	CS5

Table No. 4.29: Distribution of respondent's opinion on Cost Synergy as Perceived Benefits of Bancassurance

Cost Synergy	CS1	CS2	CS3	CS4	CS5
Not at all important	0%	.5%	1.1%	.5%	1.1%
Less important	.5%	3.8%	4.9%	7.7%	7.1%
Neutral	17.0%	19.2%	25.8%	28.0%	24.7%
Important	31.9%	57.1%	39.0%	44.0%	36.3%
Highly important	50.5%	19.2%	29.1%	19.8%	30.8%
Total	100.0	100.0	100.0	100.0	100.0

Source: Field Survey

Based on the factors of cost synergy, analysis and interpretation have been made as per the Table No. 4.30 and 4.31 respectively.

Table No. 4.30: Distribution of respondent's opinion on Cost Synergy as Perceived Benefits of Bancassurance-Bank Wise

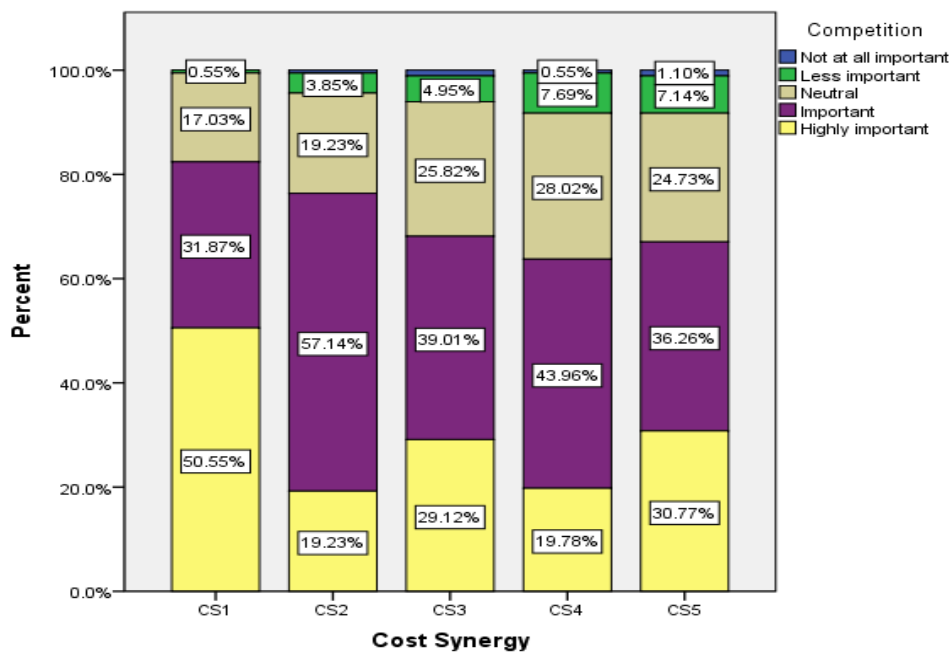
Cost Synergy		Canara Bank		SBI	
		Frequency	Percentage	Frequency	Percentage
CS1	Not at all important	0	.0%	0	.0%
	Less important	1	.9%	0	.0%
	Neutral	30	28.0%	1	1.3%
	Important	37	34.6%	21	28.0%
	Highly important	39	36.4%	53	70.7%
	Total	107	100.0%	75	100.0%
CS2	Not at all important	1	.9%	0	.0%
	Less important	7	6.5%	0	.0%
	Neutral	33	30.8%	2	2.7%
	Important	54	50.5%	50	66.7%
	Highly important	12	11.2%	23	30.7%
	Total	107	100.0%	75	100.0%
CS3	Not at all important	2	1.9%	0	.0%
	Less important	8	7.5%	1	1.3%
	Neutral	41	38.3%	6	8.0%
	Important	45	42.1%	26	34.7%
	Highly important	11	10.3%	42	56.0%
	Total	107	100.0%	75	100.0%
CS4	Not at all important	1	.9%	0	.0%
	Less important	13	12.1%	1	1.3%
	Neutral	46	43.0%	5	6.7%
	Important	42	39.3%	38	50.7%
	Highly important	5	4.7%	31	41.3%
	Total	107	100.0%	75	100.0%
CS5	Not at all important	2	1.9%	0	.0%
	Less important	13	12.1%	0	.0%
	Neutral	42	39.3%	3	4.0%
	Important	39	36.4%	27	36.0%
	Highly important	11	10.3%	45	60.0%
	Total	107	100.0%	75	100.0%

Source: Field Survey

Table No. 4.29 indicates the distribution of respondent's opinion on Cost Synergy as Perceived Benefits of Bancassurance to the bank. 82.4% of the respondents agree that, by using the already existing data, banks can employ low-cost channels for selling insurance products there by reducing the cost of operations. 86.2% of the respondents felt that, banks can attain cost synergies by efficiently utilizing customers data base for promoting insurance products. 68.1% of the respondents also felt that, banks can sell insurance products by keeping its promotional and administrative cost low and Low cost of customer's database management. 67.1% respondents opinioned that, banks have numerous opportunities to cross sell financial products.

To conclude, majority of the respondents felt that, Cost Synergy can be attained by the banks while practising bancassurance and can be perceived as benefit to bank for engaging in bancassurance business. It is also evident from Table No. 4.30, that both Canara Bank and SBI felt that, Cost Synergy can be attained by the banks while practising bancassurance and can be perceived as benefit to banks for engaging in bancassurance business

Chart No. 4.12: Distribution of respondent's opinion on Cost Synergy as Perceived Benefits of Bancassurance



H₀₆: Cost synergy has no positive impact on overall effectiveness of bancassurance practice.

H_{A6}: Cost synergy has positive impact on overall effectiveness of bancassurance practice.

Table No. 4.31: Correlation between Cost Synergy on Overall Effectiveness of Bancassurance practice

Correlations		Cost Synergy	Over All Effectiveness
Cost Synergy	Pearson Correlation	1	.802**
	Sig. (2-tailed)		.000
	N	182	182
Over All Effectiveness	Pearson Correlation	.802**	1
	Sig. (2-tailed)	.000	
	N	182	182

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Field Survey

As shown in Table No. 4.31 depicts the Karl Pearson correlation coefficient between cost synergy of bank on overall effectiveness of bancassurance practice is 0.802**, this indicates that, there is a high degree of positive correlation (r value lies in between 0.5 and +1) between cost synergy and overall effectiveness of bancassurance practice. This connotes that, the cost synergy of bank has a positive impact on overall effectiveness of bancassurance practice.

Therefore, we can conclude that, cost synergy has a positive impact on effectiveness of bancassurance practice. By using already existing data, the bank can employ low-cost channel for selling insurance products, bank can attain cost synergies by efficiently utilizing customers data base for promoting insurance products. Bank can sell insurance products by keeping its promotional and administrative cost low and Low cost of customer database management.

4.5.2 Financial Synergy

Bancassurance helps bank to get various financial benefits such as long-term revenue, source of fixed, additional, risk-free fee-based income, improved asset management and increased ROA, revenue generation, increase in profitability, less reliance on traditional products.

Questions	Question Code
Long term insurance contracts generate long term revenue for bank	FS1
Sources of fixed, additional, risk free,fee-based income	FS2
Improved asset management and increase return on assets	FS3
Revenue generation by selling complimentary products	FS4
Increase in profitability	FS5
Less reliance on traditional products	FS6

Table No. 4.32: Distribution of respondent's opinion on Financial Synergy as Perceived Benefits of Bancassurance

Financial Synergy	FS1	FS2	FS3	FS4	FS5	FS6
Not at all important		.5%	.5%		.5%	.5%
Less important	1.6%	1.6%	5.5%	7.7%	5.5%	8.8%
Neutral	13.7%	22.0%	19.8%	23.1%	24.2%	23.6%
Important	30.2%	48.9%	49.5%	42.9%	44.5%	43.4%
Highly important	54.4%	26.9%	24.7%	26.4%	25.3%	23.6%
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Field Survey

Based on the factors of financial synergy, analysis and interpretation have been made as per the Table No. 4.33 and 4.34 respectively.

Table No. 4.33: Distribution of respondent's opinion on Financial Synergy as Perceived Benefits of Bancassurance-Bank Wise

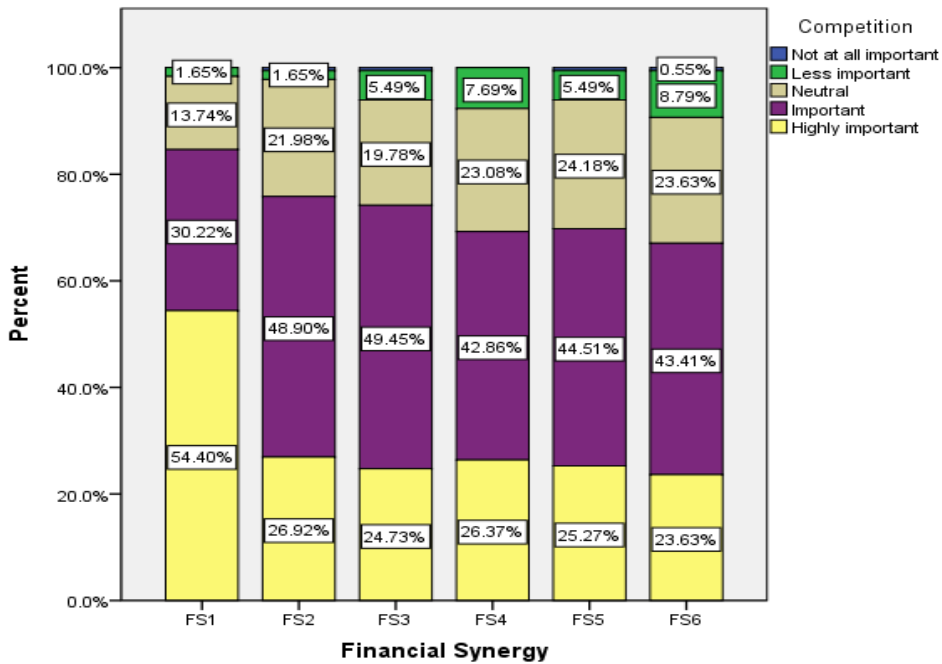
Financial Synergy		Canara Bank		SBI	
		Frequency	Percentage	Frequency	Percentage
FS1	Not at all important	0	.0%	0	.0%
	Less important	3	2.8%	0	.0%
	Neutral	24	22.4%	1	1.3%
	Important	38	35.5%	17	22.7%
	Highly important	42	39.3%	57	76.0%
	Total	107	100.0%	75	100.0%
FS2	Not at all important	1	.9%	0	.0%
	Less important	3	2.8%	0	.0%
	Neutral	35	32.7%	5	6.7%
	Important	50	46.7%	39	52.0%
	Highly important	18	16.8%	31	41.3%
	Total	107	100.0%	75	100.0%
FS3	Not at all important	1	.9%	0	.0%
	Less important	9	8.4%	1	1.3%
	Neutral	27	25.2%	9	12.0%
	Important	56	52.3%	34	45.3%
	Highly important	14	13.1%	31	41.3%
	Total	107	100.0%	75	100.0%
FS4	Not at all important	0	.0%	0	.0%
	Less important	12	11.2%	2	2.7%
	Neutral	36	33.6%	6	8.0%
	Important	43	40.2%	35	46.7%
	Highly important	16	15.0%	32	42.7%
	Total	107	100.0%	75	100.0%
FS5	Not at all important	1	.9%	0	.0%
	Less important	10	9.3%	0	.0%
	Neutral	41	38.3%	3	4.0%
	Important	46	43.0%	35	46.7%
	Highly important	9	8.4%	37	49.3%
	Total	107	100.0%	75	100.0%
FS6	Not at all important	1	.9%	0	.0%
	Less important	15	14.0%	1	1.3%
	Neutral	40	37.4%	3	4.0%
	Important	43	40.2%	36	48.0%
	Highly important	8	7.5%	35	46.7%
	Total	107	100.0%	75	100.0%

Source: Field Survey

Table No. 4.32 indicates the distribution of respondent’s opinion on Financial Synergy as Perceived Benefits of Bancassurance to the bank. 84.6% of the respondents agree that, long term insurance contracts generate long term revenue for banks. 75.8% of the respondents felt that, banks can enjoy fixed sources of income which is risk free, thereby enhancing the sources of income streams.74.2% of the respondents also felt that, banks can effectively manage asset thereby increase return on assets. 69.8% of the respondents agreed to the statement that, by selling complimentary products, the banks can generate more revenue and can enhance profitability of the bank. 67% of the respondents opinioned that, bank can less rely on traditional products of banks by practicing bancassurance.

To conclude, majority of the respondents felt that, financial Synergy can be attained by the banks while practising bancassurance and can be perceived as benefit to bank for engaging in bancassurance business. It is also evident from Table No. 4.33, that both Canara Bank and SBI felt that, financial Synergy can be attained by the banks while practising bancassurance and can be perceived as benefit to banks for engaging in bancassurance business.

Chart No. 4.13: Distribution of respondent’s opinion on Financial Synergy as Perceived Benefits of Bancassurance



H₀₇: Financial synergy has no positive impact on overall effectiveness of bancassurance practice.

H_{A7}: Financial synergy has positive impact on overall effectiveness of bancassurance practice.

Table No. 4.34: Correlation between Financial Synergy on Overall Effectiveness of Bancassurance practice.

Correlations		Financial Synergy	Over All Effectiveness
Financial Synergy	Pearson Correlation	1	.725**
	Sig. (2-tailed)		.000
	N	182	182
Over All Effectiveness	Pearson Correlation	.725**	1
	Sig. (2-tailed)	.000	
	N	182	182

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Field Survey

As shown in Table No. 4.34 the Karl Pearson correlation coefficient between financial synergy of bank on overall effectiveness of bancassurance practice is 0.725**, this indicates that, there is a high degree of positive correlation (r value lies in between 0.5 and +1) between financial synergy and overall effectiveness of bancassurance practice. This connotes that; financial synergy of bank has a positive impact on overall effectiveness of bancassurance practice.

Therefore, we can conclude that, financial synergy has a positive impact on effectiveness of bancassurance practice. The synergy is created because the long term insurance contracts generate long term revenue for bank and provides a fixed source of revenue with no additional risk. Bancassurance can also improve asset management and increase the return on assets and enhanced profitability of the bank with less reliance on traditional products.

4.5.3 Product Diversification and Brand Image Synergy

Product diversification and brand image play an important role in the success of bancassurance, by providing a source for product diversification, improved ratings, new financial products and finally helps to build rapport.

Questions	Question Code
Source of product diversification	PDBI1
Help banks to diversify the products	PDBI2
Product diversification helps in improved ratings to banks	PDBI3
Build Rapport which in turn strengthens the bank brand	PDBI4

Table No. 4.35: Distribution of respondent's opinion on Product Diversification and Brand Image Synergy as Perceived Benefits of Bancassurance

Product Diversification and Brand Image Synergy	PDBI1	PDBI2	PDBI3	PDBI4
Not at all important			.5%	.5%
Less important	.5%	2.2%	4.9%	6.6%
Neutral	15.9%	25.8%	26.4%	28.0%
Important	27.5%	47.8%	47.3%	40.1%
Highly important	56.0%	24.2%	20.9%	24.7%
Total	100.0	100.0	100.0	100.0

Source: Field Survey

Based on the factors of product diversification and brand image synergy, analysis and interpretation have been made as per the Table No. 4.36 and 4.37 respectively.

Table No. 4.35 indicates the distribution of respondent's opinion on Product Diversification and Brand Image Synergy as Perceived Benefits of Bancassurance to the bank. 83.5% of the respondents agree that, bancassurance can be a source of product diversification for the banks in diversifying its business to attain alternative revenue schemes. 68.2% of the respondents felt that, product diversification helps in improving ratings of banks thereby, enhancing its competitive advantage. 64.8% of

the respondents agreed to the statement that, bancassurance can help banks to build rapport which in turn can strengthen the bank brand.

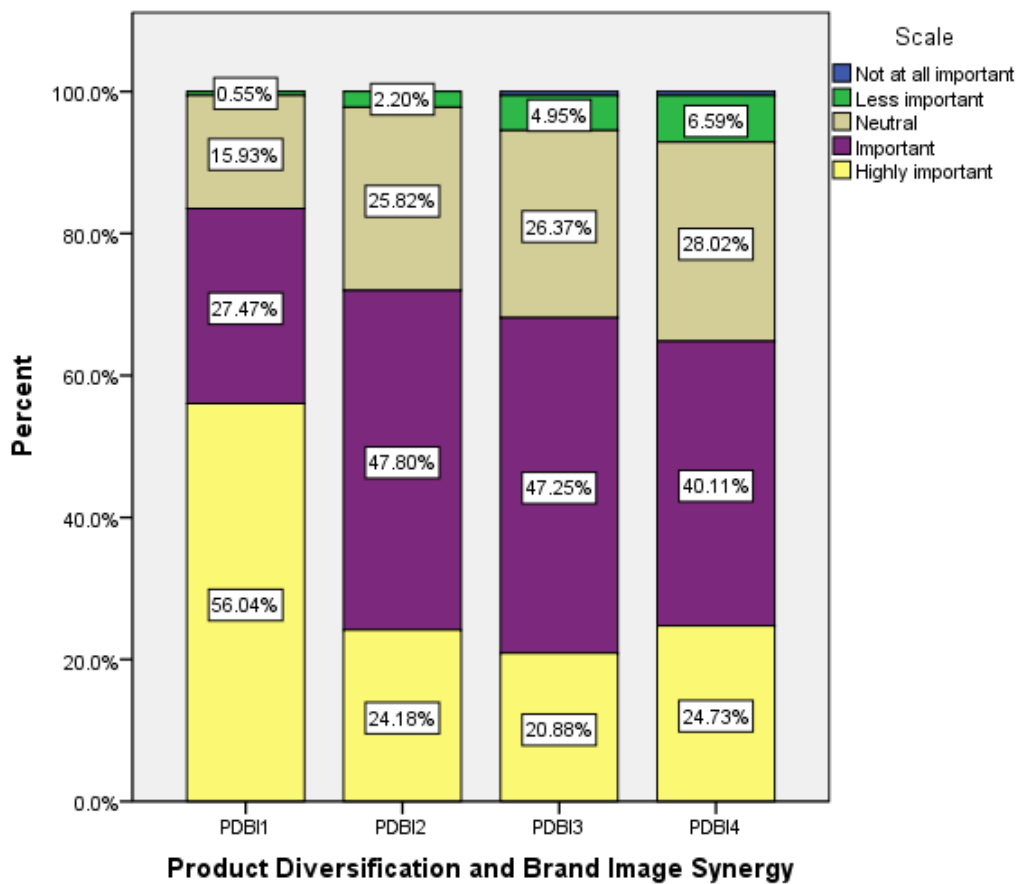
Table No. 4.36: Distribution of respondent's opinion on Product Diversification and Brand Image Synergy as Perceived Benefits of Bancassurance-Bank Wise

Product Diversification and Brand Image Synergy		Canara Bank		SBI	
		Frequency	Percentage	Frequency	Percentage
PDBI1	Not at all important	0	.0%	0	.0%
	Less important	1	.9%	0	.0%
	Neutral	27	25.2%	2	2.7%
	Important	39	36.4%	11	14.7%
	Highly important	40	37.4%	62	82.7%
	Total	107	100.0%	75	100.0%
PDBI2	Not at all important	0	.0%	0	.0%
	Less important	4	3.7%	0	.0%
	Neutral	44	41.1%	3	4.0%
	Important	48	44.9%	39	52.0%
	Highly important	11	10.3%	33	44.0%
	Total	107	100.0%	75	100.0%
PDBI3	Not at all important	1	.9%	0	.0%
	Less important	8	7.5%	1	1.3%
	Neutral	43	40.2%	5	6.7%
	Important	47	43.9%	39	52.0%
	Highly important	8	7.5%	30	40.0%
	Total	107	100.0%	75	100.0%
PDBI4	Not at all important	1	.9%	0	.0%
	Less important	10	9.3%	2	2.7%
	Neutral	50	46.7%	1	1.3%
	Important	38	35.5%	35	46.7%
	Highly important	8	7.5%	37	49.3%
	Total	107	100.0%	75	100.0%

Source: Field Survey

To conclude, majority of the respondents felt that, product diversification and brand image synergy can be attained by the banks while practising bancassurance and can be perceived as the benefit to banks for engaging in bancassurance business. It is also evident from Table No. 4.36, that both Canara Bank and SBI felt that, product diversification and brand image synergy can be attained by the banks while practising bancassurance and can be perceived as benefit to bank for engaging in bancassurance business.

Chart No. 4.14: Distribution of respondent's opinion on Product Diversification and Brand Image Synergy as Perceived Benefits of Bancassurance



H₀₈: Product diversification and brand image synergy have no positive impact on overall effectiveness of bancassurance practice.

H_{A8}: Product diversification and brand image synergy have positive impact on overall effectiveness of bancassurance practice.

Table No. 4.37: Correlation between Product diversification and brand image Synergy on Overall Effectiveness of Bancassurance practice.

Correlations		Product Diversification and Brand Image Synergy	Over All Effectiveness
Product Diversification and Brand Image Synergy	Pearson Correlation	1	.618**
	Sig. (2-tailed)		.000
	N	182	182
Over All Effectiveness	Pearson Correlation	.618**	1
	Sig. (2-tailed)	.000	
	N	182	182

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Field Survey

As shown in Table No. 4.37 the Karl Pearson correlation coefficient between product diversification on brand image synergy of bank on overall effectiveness of bancassurance practice is 0.618**, this indicates that, there is a high degree of positive correlation (r value lies in between 0.5 and +1) between Product diversification and brand image synergy and overall effectiveness of bancassurance practice. This connotes that, product diversification and brand image synergy of bank have a positive impact on overall effectiveness of bancassurance practice.

Therefore, we can conclude that, Product diversification and brand image synergy have a positive impact on effectiveness of bancassurance practice. Bancassurance can be a source of product diversification for the banks in diversifying its business to attain alternative revenue schemes. Bancassurance can help banks to build rapports which in turn can strengthen the bank brand.

4.5.4 Optimization and Enhanced Productivity

Excess workforce diversification, optimum manpower utilization, enhances employee's productivity, selling of bundled products offer optimization and enhanced productivity.

Questions	Question Code
Banks excess workforce can be diversifying	OEP1
Optimum manpower utilization	OPE2
Enhances employee's productivity	OPE3
Selling of bundled/ complimentary products create better credit risk management	OPE4

Table No. 4.38: Distribution of respondent's opinion on Optimization and Enhanced Productivity as Perceived Benefits of Bancassurance

Optimization and Enhanced Productivity	OEP1	OEP2	OEP3	OEP4
Not at all important	.5%	.5%	1.6%	1.6%
Less important	2.2%	5.5%	7.1%	4.9%
Neutral	21.4%	24.2%	22.5%	29.1%
Important	34.1%	40.7%	46.7%	42.3%
Highly important	41.8%	29.1%	22.0%	22.0%
Total	100.0	100.0	100.0	100.0

Source: Field Survey

Based on the factors of optimisation and enhanced productivity, analysis and interpretation have been made as per the Table No. 4.39 and 4.40 respectively.

Table No. 4.38 indicates distribution of respondent's opinion on Optimization and Enhanced Productivity as Perceived Benefits of Bancassurance to the bank. 75.9% of the respondents agree that, banks excess workforce can be deployed for bancassurance business thereby leveraging the human resources effectively. 69.8% of the respondents felt that, banks can optimally utilize the available manpower for promoting bancassurance business. 68.7% of the respondents agreed to the statement that, bancassurance business can enhance employee's productivity due to incentive programs of bancassurance business. 64.3% of the respondents agreed that, selling of bundled/ complimentary products create better credit risk management for the banks.

Table No. 4.39: Distribution of respondent's opinion on Optimization and Enhanced Productivity as Perceived Benefits of Bancassurance-Bank Wise

Optimization and Enhanced Productivity		Canara Bank		SBI	
		Frequency	Percentage	Frequency	Percentage
OEP1	Not at all important	1	.9%	0	.0%
	Less important	3	2.8%	1	1.3%
	Neutral	36	33.6%	3	4.0%
	Important	41	38.3%	21	28.0%
	Highly important	26	24.3%	50	66.7%
	Total	107	100.0%	75	100.0%
OEP2	Not at all important	1	.9%	0	.0%
	Less important	9	8.4%	1	1.3%
	Neutral	41	38.3%	3	4.0%
	Important	41	38.3%	33	44.0%
	Highly important	15	14.0%	38	50.7%
	Total	107	100.0%	75	100.0%
OEP3	Not at all important	2	1.9%	1	1.3%
	Less important	11	10.3%	2	2.7%
	Neutral	34	31.8%	7	9.3%
	Important	48	44.9%	37	49.3%
	Highly important	12	11.2%	28	37.3%
	Total	107	100.0%	75	100.0%
OEP4	Not at all important	3	2.8%	0	.0%
	Less important	9	8.4%	0	.0%
	Neutral	49	45.8%	4	5.3%
	Important	37	34.6%	40	53.3%
	Highly important	9	8.4%	31	41.3%
	Total	107	100.0%	75	100.0%

Source: Field Survey

To conclude, majority of the respondents felt that, Optimization and Enhanced Productivity can be attained by the banks while practising bancassurance and can be perceived as benefit to banks for engaging in bancassurance business. It is also evident from Table No. 4.39, that both Canara Bank and SBI felt that Optimization and Enhanced Productivity can be attained by the banks while practising bancassurance and can be perceived as benefit to banks for engaging in bancassurance business.

Chart No. 4.15: Distribution of respondent’s opinion on Optimization and Enhanced Productivity as Perceived Benefits of Bancassurance

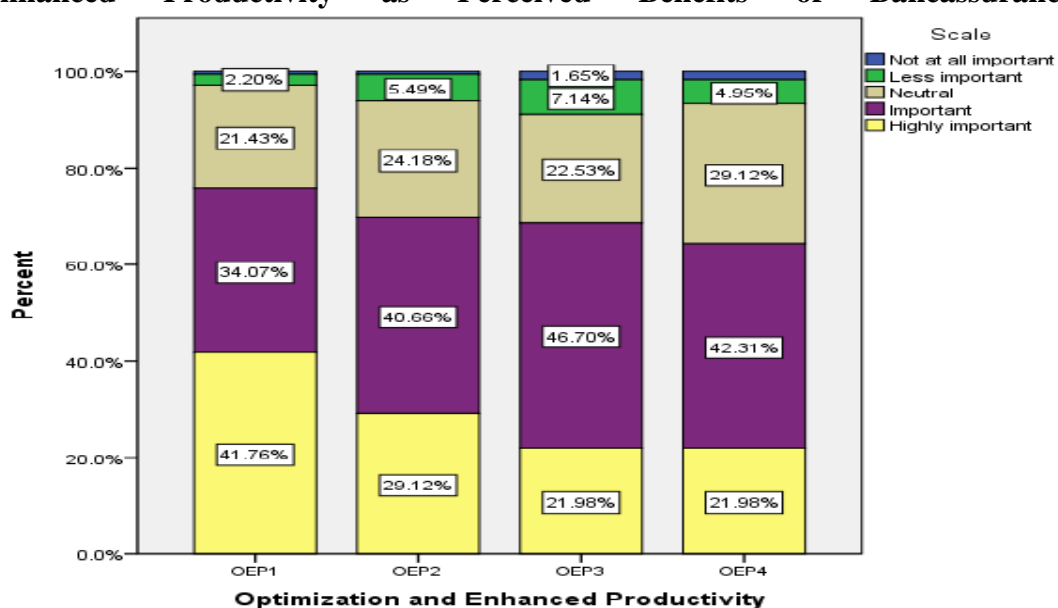


Table No. 4.40: Correlation between Optimization and Enhanced Productivity Synergy on Overall Effectiveness of Bancassurance practice

Correlations		Optimization and Enhanced Productivity	Over All Effectiveness
Optimization and Enhanced Productivity	Pearson Correlation	1	.902**
	Sig. (2-tailed)		.000
	N	182	182
Over All Effectiveness	Pearson Correlation	.902**	1
	Sig. (2-tailed)	.000	
	N	182	182

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Field Survey

As shown in Table 4.40 the Karl Pearson correlation coefficient between Optimization and Enhanced Productivity synergy of bank on overall effectiveness of bancassurance practice is 0.902**, this indicates that, there is a high degree of positive correlation (r value lies in between 0.5 and +1) between Optimization and Enhanced Productivity synergy and overall effectiveness of bancassurance practice. This connotes that, Optimization and Enhanced Productivity synergy of banks have a positive impact on overall effectiveness of bancassurance practice.

Therefore, we can conclude that, Optimization and enhanced productivity synergy have a positive impact on overall effectiveness of bancassurance practice. The synergy can be created, when the banks utilize its excess workforce effectively in promoting bancassurance and the bancassurance can help in better credit risk management.

4.5.5 Customer's Retention and Customer's Satisfaction

Customer's Retention and customer's satisfaction is possible by broadening the relation with customers, availability of quality and quantity information, increase share of customer's wallet and in the last satisfaction of risk related needs of the customers.

Questions	Question Code
Broader relation leads to less customers switching	CRS1
Availability of quality and quantity information help in better targeting of customers	CRS2
Increase share of customers wallet	CRS3
Satisfaction of risk related needs of the customers	CRS4

Table No. 4.41: Distribution of respondent's opinion on Customer's Retention and Satisfaction as Perceived Benefits of Bancassurance

Customers Retention and Satisfaction	CRS1	CRS2	CRS3	CRS4
Not at all important	0.5%	0%	0%	0%
Less important	2.7%	6.0%	6.0%	11.0%
Neutral	15.9%	22.0%	26.9%	31.3%
Important	28.0%	51.1%	44.0%	35.2%
Highly important	52.7%	20.9%	23.1%	22.5%
Total	100.0	100.0	100.0	100.0

Source: Field Survey

Based on the factors of customer's retention and satisfaction, analysis and interpretation have been made as per the Table No. 4.42 and 4.43 respectively.

Table No. 4.42: Distribution of respondent's opinion on Customer's Retention and Satisfaction as Perceived Benefits of Bancassurance-Bank Wise

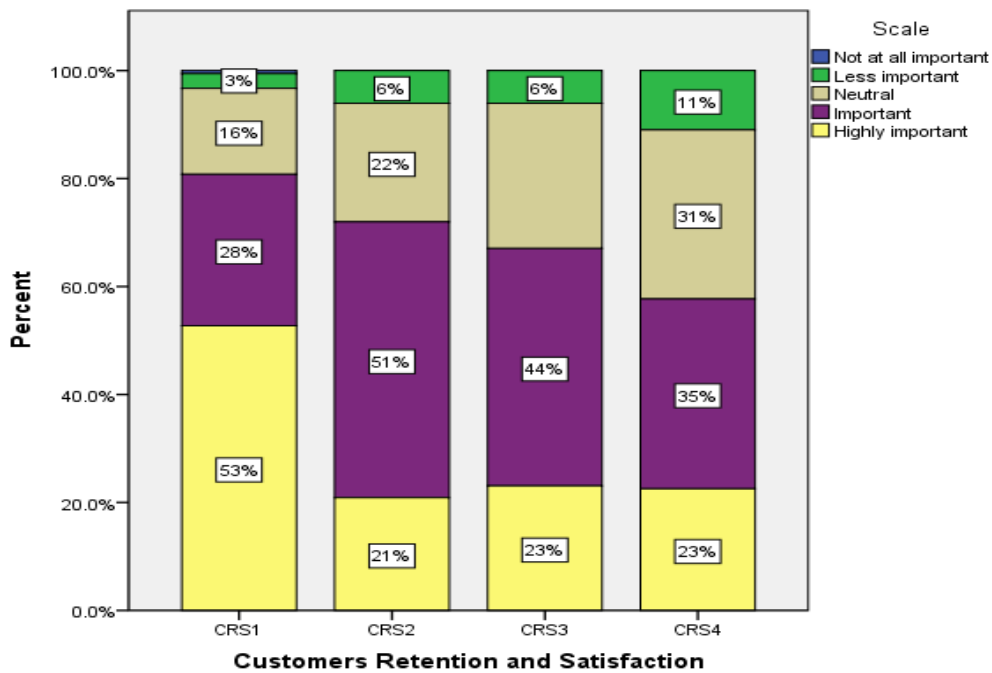
Customers Retention and Satisfaction		Canara Bank		SBI	
		Frequency	Percentage	Frequency	Percentage
CRS1	Not at all important	1	.9%	0	.0%
	Less important	5	4.7%	0	.0%
	Neutral	27	25.2%	2	2.7%
	Important	36	33.6%	15	20.0%
	Highly important	38	35.5%	58	77.3%
	Total	107	100.0%	75	100.0%
CRS2	Not at all important	0	.0%	0	.0%
	Less important	9	8.4%	2	2.7%
	Neutral	34	31.8%	6	8.0%
	Important	50	46.7%	43	57.3%
	Highly important	14	13.1%	24	32.0%
	Total	107	100.0%	75	100.0%
CRS3	Not at all important	0	.0%	0	.0%
	Less important	9	8.4%	2	2.7%
	Neutral	44	41.1%	5	6.7%
	Important	49	45.8%	31	41.3%
	Highly important	5	4.7%	37	49.3%
	Total	107	100.0%	75	100.0%
CRS4	Not at all important	0	.0%	0	.0%
	Less important	16	15.0%	4	5.3%
	Neutral	50	46.7%	7	9.3%
	Important	32	29.9%	32	42.7%
	Highly important	9	8.4%	32	42.7%
	Total	107	100.0%	75	100.0%

Source: Field Survey

Table No. 4.41 indicates distribution of respondent's opinion Customer's Retention and Satisfaction as Perceived Benefits of Bancassurance to the bank. 77.7% of the respondent's feel that it's important to have a broader relation with customers for less customers switching to other banks. 72% of the respondents feel that, availability of quality and voluminous information about the customers can help the banks in better targeting of its customers for promoting insurance products.67.1% of the respondents also felt that, bancassurance can increase share of customers wallet. 57.7% of the respondents are of the opinion that, by bancassurance practice the customer's risk related investment needs can be satisfied by the bank.

To conclude, majority of the respondents felt that, enhanced customer's Retention and Satisfaction can be achieved by the banks while practising bancassurance and can be perceived as benefit to bank for engaging in bancassurance business.It is also evident from Table No. 4.42 that both Canara Bank and SBI felt that, enhanced customer's Retention and Satisfaction can be achieved by the banks while practising bancassurance and can be perceived as benefit to banks for engaging in bancassurance business.

Chart No. 4.16: Distribution of respondent's opinion on Customer's Retention and Customer's Satisfaction as Perceived Benefits of Bancassurance



H₀₉: Customer’s retention and customer’s satisfaction synergy have no positive impact on overall effectiveness of bancassurance practice.

H_{A9}: Customer’s retention and customer’s satisfaction synergy have positive impact on overall effectiveness of bancassurance practice.

Table No. 4.43: Correlation between Customer’s Retention and Satisfaction on Overall Effectiveness of Bancassurance practice

Correlations		Customers Retention and Satisfaction	Over All Effectiveness
Customers Retention and Satisfaction	Pearson Correlation	1	.809**
	Sig. (2-tailed)		.000
	N	182	182
Over All Effectiveness	Pearson Correlation	.809**	1
	Sig. (2-tailed)	.000	
	N	182	182

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Field Survey

As shown in Table No. 4.43 the Karl Pearson correlation coefficient between Customer’s Retention and Customer’s Satisfaction synergy of bank on overall effectiveness of bancassurance practice is 0.809**, this indicates that, there is a high degree of positive correlation (r value lies in between 0.5 and +1) between Customer’s Retention and Satisfaction synergy and overall effectiveness of bancassurance practice. This connotes that, Customer’s Retention and Satisfaction synergy of banks have a positive impact on overall effectiveness of bancassurance practice.

Therefore, we can conclude that, Customer’s retention and satisfaction synergy have a positive impact on overall effectiveness of bancassurance practice. Since, bancassurance establishes long term relationship with bank, it will be beneficial in retaining customers and by using the already available system, the bank can ensure that the customers are satisfied, which in turn help banks in maintain good relations with customers.

4.6 PROBLEMS REALIZED BY BANKS IN FUNCTIONING OF BANCASSURANCE SERVICES

Following are the problems realized by banks in functioning of bancassurance services. Conflict of interest, inherent conflict, low service, tailored made products, difficulty in selling complex products, differences in selling approach, lack of incentives and bank employees resistance to change are the problems realised by banks in the functioning of bancassurance services.

Questions	Question Code
Conflict of interest between bank and insurance staff	PB1
Inherent conflict (customer's unsatisfied with insurance services may leave the banking services also)	PB2
Low service of insurance company will affect bank reputation	PB3
Products cannot be tailored made – inflexibility of products	PB4
Difficulty in selling complex products	PB5
Differences in selling approaches	PB6
Lack of incentives remain a major barrier in motivating customers	PB7
Bank employees resist to change	PB8

Table No. 4.44: Distribution of respondent's opinion on Problems Realized by Banks in Functioning of Bancassurance Services

Particulars	PB1	PB2	PB3	PB4	PB5	PB6	PB7	PB8
Usually Occurs	0%	1.1%	1.6%	0.5%	0%	1.7%	.5%	1.1%
Seldom Occurs	8.2%	18.1%	19.8%	2.2%	7.7%	6.1%	14.8%	18.7%
Neutral	31.3%	23.6%	29.1%	31.3%	36.3%	37.0%	28.6%	24.2%
Usually not occurs	26.4%	47.3%	40.7%	54.9%	47.3%	47.0%	43.4%	44.0%
Not at all Occur	34.1%	9.9%	8.8%	11.0%	8.8%	8.3%	12.6%	12.1%
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Field Survey

Based on the factors of problems realised by banks in functioning of bancassurance services, analysis and interpretation have been made as per the Table No. 4.45 and 4.46 respectively.

Table No. 4.45: Distribution of respondent's opinion on Problems Realized by Banks in Functioning of Bancassurance Services-Bank Wise

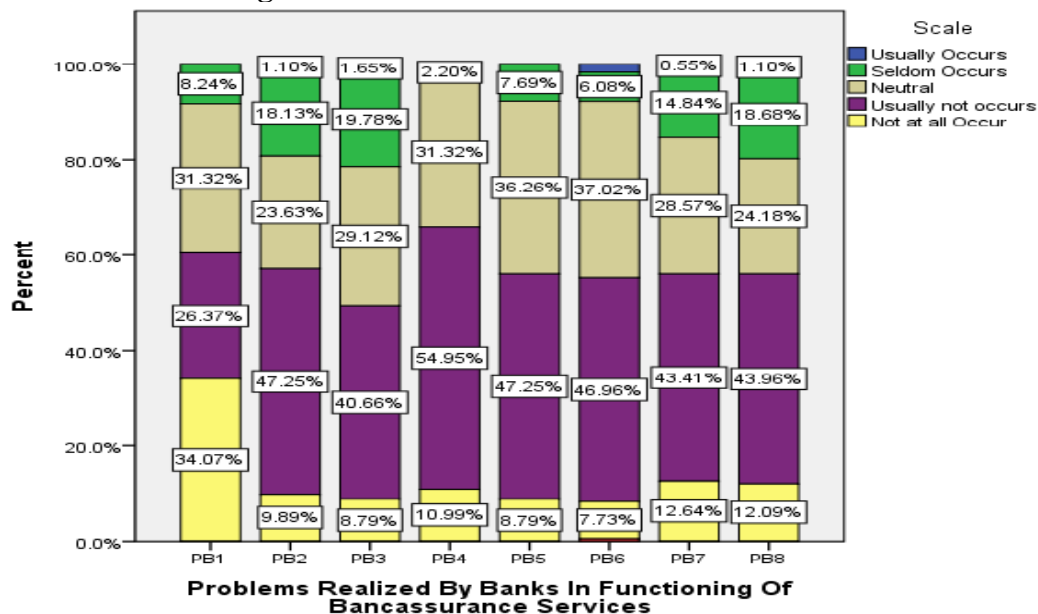
Particulars		Canara Bank		SBI	
		Frequency	Percentage	Frequency	Percentage
PB1	Not at all important	0	.0%	0	.0%
	Less important	13	12.1%	2	2.7%
	Neutral	55	51.4%	2	2.7%
	Important	23	21.5%	25	33.3%
	Highly important	16	15.0%	46	61.3%
	Total	107	100.0%	75	100.0%
PB2	Not at all important	1	.9%	1	1.3%
	Less important	32	29.9%	1	1.3%
	Neutral	37	34.6%	6	8.0%
	Important	35	32.7%	51	68.0%
	Highly important	2	1.9%	16	21.3%
	Total	107	100.0%	75	100.0%
PB3	Not at all important	3	2.8%	0	.0%
	Less important	35	32.7%	1	1.3%
	Neutral	40	37.4%	13	17.3%
	Important	24	22.4%	50	66.7%
	Highly important	5	4.7%	11	14.7%
	Total	107	100.0%	75	100.0%
PB4	Not at all important	0	.0%	1	1.3%
	Less important	4	3.7%	0	.0%
	Neutral	48	44.9%	9	12.0%
	Important	52	48.6%	48	64.0%
	Highly important	3	2.8%	17	22.7%
	Total	107	100.0%	75	100.0%
PB5	Not at all important	0	.0%	0	.0%
	Less important	12	11.2%	2	2.7%
	Neutral	55	51.4%	11	14.7%
	Important	35	32.7%	51	68.0%
	Highly important	5	4.7%	11	14.7%
	Total	107	100.0%	75	100.0%
PB6	Not at all important	1	.9%	2	2.7%
	Less important	10	9.4%	1	1.3%
	Neutral	55	51.9%	12	16.0%
	Important	36	34.0%	49	65.3%
	Highly important	4	3.7%	11	14.7%
	Total	107	100.0%	75	100.0%
PB7	Not at all important	1	.9%	0	.0%
	Less important	23	21.5%	4	5.3%
	Neutral	45	42.1%	7	9.3%
	Important	36	33.6%	43	57.3%
	Highly important	2	1.9%	21	28.0%
	Total	107	100.0%	75	100.0%
PB8	Not at all important	1	.9%	1	1.3%
	Less important	31	29.0%	3	4.0%
	Neutral	37	34.6%	7	9.3%
	Important	34	31.8%	46	61.3%
	Highly important	4	3.7%	18	24.0%
	Total	107	100.0%	75	100.0%

Source: Field Survey

Table No. 4.44 shows the distribution of respondent's opinion on problems realized by banks in functioning of bancassurance services. 60.5% of the respondents felt that, the problem of conflict of interest between bank and insurance staff will not occur. 57% of the respondents said that, the problem of Inherent conflict will not occur, 50% felt that, services provided by insurance company have not affected bank reputation. 65.9% of the respondents said that, insurance products can be tailored made according to the needs of the customer. 56.1% of the respondents did not feel difficulty in selling complex insurance products. 55.3% of the respondents felt that there is no difference in selling approaches of bank employees and insurance company employees. 56% of the respondents said that, the incentives provided to them act as a motivating factor for selling insurance to their customers. 56.1% of the respondents said that, bank employees do not resist to change.

To conclude, the majority of the respondents felt that, the problems faced in bancassurance business doesn't affect banks in functioning of bancassurance Services. It is also evident from Table No. 4.45 that both Canara Bank and SBI felt that, the problems faced in bancassurance business doesn't affect banks in functioning of bancassurance Services.

Chart No. 4.17: Distribution of respondent's opinion on Problems Realized by Banks in Functioning of Bancassurance Services



H₀₁₀: There is no association between problems realized by bank in functioning of bancassurance services and effectiveness of bancassurance practice.

H_{A10}: There is an association between problems realized by bank in functioning of bancassurance services and effectiveness of bancassurance practice.

Table No. 4.46: Correlation between Problems Realized by bank in Functioning of bancassurance services on effectiveness of bancassurance practice

Correlations		Functioning of bancassurance services	Over All Effectiveness
Functioning of bancassurance services	Pearson Correlation	1	.684**
	Sig. (2-tailed)		.000
	N	182	182
Over All Effectiveness	Pearson Correlation	.684**	1
	Sig. (2-tailed)	.000	
	N	182	182

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Field Survey

As shown in Table No. 4.46, the Karl Pearson correlation coefficient is 0.684**, this indicates that, there is a high degree of positive correlation (r value lies in between 0.5 and +1) between problems realized by bank in Functioning of bancassurance services on effectiveness of bancassurance practice. This connotes that, functioning of bancassurance services has a positive impact on overall effectiveness of bancassurance practice. Therefore, we can conclude that, there is an association between problems realized by bank in functioning of bancassurance services and effectiveness of bancassurance practice. If there are no problems realized by the bank in functioning, it increases the effectiveness of the bancassurance practice. It is also evident that the banks are not facing problems like conflict of interest between bank and insurance staff, inherent conflicts, damage to bank reputation due to low service of insurance company, difficulty in selling complex products, and lack of incentives for selling insurance products by bank officials. Since the banks are not facing functional problems, the bancassurance is effectively practiced by banks.

4.7 PROBLEMS REALIZED BY BANK EMPLOYEES IN FUNCTIONING OF BANCASSURANCE SERVICES

Bank employees face a number of problems in functioning of bancassurance services, such as lack of trust in private insurance companies, no extra commission is offered to customers, no customized products, in case of complex products it becomes difficult to convert a lead in the absence of specialised products, shatters customers confidence due to delay in processing of claim settlement, lack of networking etc.

Questions	Question Code
Lack of trust in private insurance companies make insurance selling difficult	FASI1
Unlike agency channel no extra advantage(commission) is offered to customers	FASI2
Products cannot be customized	FASI3
It becomes difficult to convert a lead in the absence of specialized person, in case of complex products	FASI4
Shatters in customers confidence on account of delay in processing of applications for claim settlement	FASI5
Lack of networking in bank and insurance offices create problems	FASI6

Table No. 4.47: Distribution of respondent's opinion on Problems Realized by Bank Employees in Functioning of Bancassurance Services

Particulars	FASI1	FASI2	FASI3	FASI4	FASI5	FASI6
Usually Occurs	0.5%	0.5%	1.1%	1.1%	.5%	.5%
Seldom Occurs	2.2%	20.3%	7.1%	14.3%	8.8%	9.9%
Neutral	36.3%	24.2%	42.9%	36.8%	31.9%	34.1%
Usually not occurs	31.3%	49.5%	41.8%	36.3%	48.4%	45.6%
Not at all Occur	29.7%	5.5%	7.1%	11.5%	10.4%	9.8%
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Field Survey

Based on the factors of problems realized by bank employees in functioning of bancassurance services, analysis and interpretation have been made as per the Table No. 4.48

Table No. 4.48: Distribution of respondent's opinion on Problems Realized by Bank Employees in Functioning of Bancassurance Services-Bank Wise

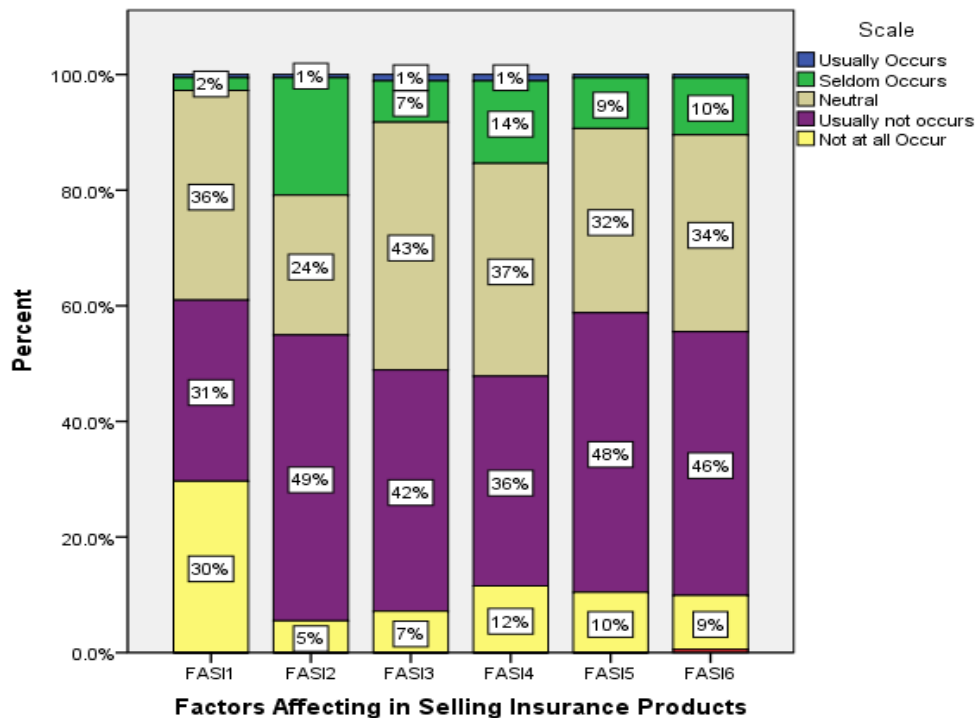
Particulars		Canara Bank		SBI	
		Frequency	Percentage	Frequency	Percentage
FASI1	Not at all important	0	.0%	1	1.3%
	Less important	4	3.7%	0	.0%
	Neutral	60	56.1%	6	8.0%
	Important	23	21.5%	34	45.3%
	Highly important	20	18.7%	34	45.3%
	Total	107	100.0%	75	100.0%
FASI2	Not at all important	1	.9%	0	.0%
	Less important	35	32.7%	2	2.7%
	Neutral	33	30.8%	11	14.7%
	Important	34	31.8%	56	74.7%
	Highly important	4	3.7%	6	8.0%
	Total	107	100.0%	75	100.0%
FASI3	Not at all important	2	1.9%	0	.0%
	Less important	9	8.4%	4	5.3%
	Neutral	65	60.7%	13	17.3%
	Important	27	25.2%	49	65.3%
	Highly important	4	3.7%	9	12.0%
	Total	107	100.0%	75	100.0%
FASI4	Not at all important	1	.9%	1	1.3%
	Less important	20	18.7%	6	8.0%
	Neutral	51	47.7%	16	21.3%
	Important	31	29.0%	35	46.7%
	Highly important	4	3.7%	17	22.7%
	Total	107	100.0%	75	100.0%
FASI5	Not at all important	0	.0%	1	1.3%
	Less important	13	12.1%	3	4.0%
	Neutral	49	45.8%	9	12.0%
	Important	42	39.3%	46	61.3%
	Highly important	3	2.8%	16	21.3%
	Total	107	100.0%	75	100.0%
FASI6	Not at all important	1	.9%	0	.0%
	Less important	14	13.1%	4	5.3%
	Neutral	56	52.3%	6	8.0%
	Important	31	29.0%	52	69.3%
	Highly important	5	4.6%	13	17.3%
	Total	107	100.0%	75	100.0%

Source: Field Survey

Table No. 4.47 shows the distribution of respondent's opinion on problems realized by banks employees in functioning of bancassurance services. 61% of the respondents felt that, it is not difficult to sell insurance products even though the lack of trust in private insurance companies exist in the mind of the customers.55% of the respondents said that like agency channel extra advantage (commission) is offered to

customers and 42.9% said they are not confident on whether the product can be customized or not and 48.9% of the respondents said that insurance products can be customized according to needs of the customer. 47.8% of the respondents felt that, it doesn't become difficult to convert a lead in the absence of specialized person, in case of complex products, as they possess product knowledge. 58.8% of the respondents felt that, no delay will happen in processing of applications for claim settlement leading to increase of customer confidence. 55.4% of the respondents said that, they have not faced the problem of lack of networking in bank and insurance offices effecting the functioning of bancassurance. To conclude, the majority of the respondents felt that, the problems faced by them in bancassurance business doesn't affect bank in functioning of bancassurance services, it is evident that, the bank employees face the problems in customizing the insurance products according to the requirement of the customers and require special assistance while promoting the complex insurance products. It is also evident from Table No. 4.48, that both Canara Bank and SBI felt that, the problems faced by them in bancassurance business doesn't affect banks in functioning of bancassurance Services

Chart No. 4.18: Distribution of respondent's opinion on Problems Realized by Bank employees in Functioning of Bancassurance Services



4.8 CHANGES AFTER BANCASSURANCE ADOPTION

Following are the changes observed after bancassurance implementation in bank

Table No. 4.49: Chi-Square Test Result for Post Implementation Experience

Competition Factor	Chi-Square	df	N	Sig.
Increase in number of customers of bank	56.54	4	182	.000
Reduction in customers complaint	70.87	4	182	.000
Increased productivity of employees and branch	80.63	4	182	.000
Better targeting of customers through quality and quality	95.05	4	182	.000
Surplus workforce diversion	133.0	4	182	.000
Cost synergy due to more efficient utilization of database	55.58	4	182	.000
Enhanced customers satisfaction and customers confidence	49.86	4	182	.000
Leverage on administrative, marketing and operating cost	110.25	4	182	.000
Reduction on reliance on traditional source of income	87.45	4	182	.000
Leverage on numerous contact opportunities to cross sell insurance products	106.57	4	182	.000

Source: Field Survey

It is evident from the Table No. 4.49 that, calculated values are greater than the table value of 9.48 for $df = 4$ at 5 % (0.05) level of Significance. Therefore, we can conclude that, there are significant changes in bank after bancassurance implementation. The respondents felt that, after implementation of bancassurance in their bank, there is a considerable increase in number of customers, customer's complaint has reduced drastically, and banks have effectively utilized its surplus workforce. The respondents also felt that, the banks have achieved cost synergy, which is created due to effective utilization of customers data base and existing systems. The banks are also able to keep the marketing and operational cost low due to bancassurance. The banks after implementation of bancassurance are relying less on traditional source of income, and the customers are also satisfied because of one stop service solutions provided by the banks. Hence, we can conclude that, the bancassurance is beneficial to the banks for sustainability and growth of the banks.

4.9 OVERALL EFFECTIVENESS OF BANCASSURANCE PRACTICES

Overall effectiveness of bancassurance practice is observed in this section.

Table No. 4.50: Frequency Distribution on Effectiveness of Bancassurance Practices

OVER ALL			
Particulars	Observed N	Expected N	Residual
Ineffective	4	45.5	-41.5
Satisfactory	73	45.5	27.5
Effective	93	45.5	47.5
Highly effective	12	45.5	-33.5
Total	182		

Source: Field Survey

Table No. 4.51: Chi-Square test Result for Effectiveness of Bancassurance Practices

Test Statistics	
	OVER ALL
Chi-Square	128.725 ^a
Df	3
Asymp. Sig.	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 45.5.

Source: Field Survey

From, Table No. 4.50 it is evident that, majority of the respondents believe that, bancassurance practice is effective. It can also be observed that, none of the respondents felt that the practice is highly ineffective. From Table No. 4.51, It is evident that, calculated value $\chi^2 = 128.725$ greater than the table value of 7.851 for $df = 3$ at 5 % (0.05) level of Significance. Therefore, we can conclude that, Bancassurance practice is effective in respondent's banks. This may be due to the efficient use of the bank resources and proper coordination in practicing bancassurance.

4.10 DESCRIPTIVE STATISTICS OF INSURANCE REPRESENTATIVES

Following sections deals with the descriptive statistics of insurance representatives

Table 4.52: Distribution of respondents based on District and Insurance Representative Wise

District * Insurance Representative Cross Tabulation				
Particulars		Name of the Bank		Total
		SBI	Canara bank	
District	Shivamogga	11	14	25
	Chikkamagaluru	8	10	18
Total		19	24	43

Source: Field survey

Table No. 4.52 represents the district wise and Insurance Company wise profile of respondents. Out of 25 insurance representatives from Shivamogga District, 44% respondents represent SBI and 56% respondents represent Canara Bank. Out of 18 insurance representatives from Chikkamagaluru District, 44.4% respondents represent SBI and 55.6% respondents represent Canara Bank.

To conclude, out of 43 respondents, 44.2% and 55.8% respondents have been selected from SBI and Canara insurance companies operating in Shivamogga and Chikkamagaluru Districts respectively. The percentage of SBI officials in the study is 44.2 % and percentage of Canara bank officials in the study is 55.6%

Chart No. No.4.19: Distribution of respondents based on District & Insurance Company Wise

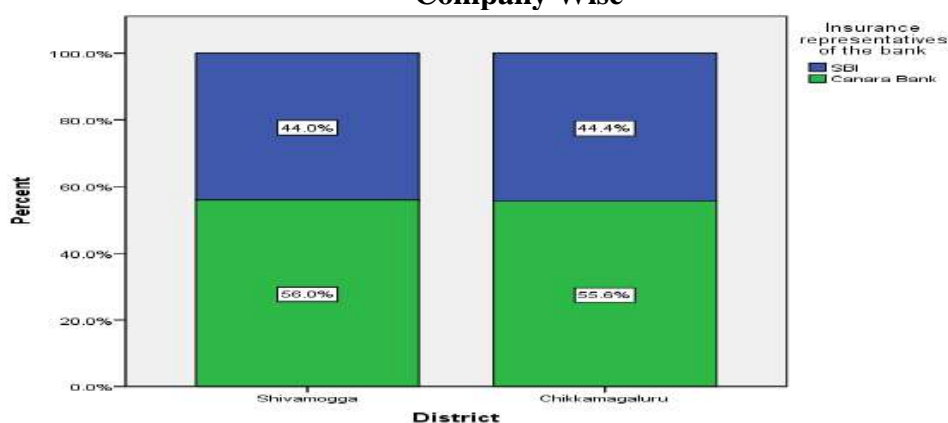


Table No. 4.53: Distribution of Insurance Representatives Related to Bancassurance based on Gender

Particulars		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	40	93.0	93.0	93.0
	Female	3	7.0	7.0	100.0
	Total	43	100.0	100.0	

Source: Field survey

Table No. 4.53 presents the classification of insurance representatives related to bancassurance based on gender. Out of 43 respondents, 93% (40) of them are male insurance representatives, and remaining 7% (3) of them are female representatives. To conclude the above table, major chunk of the respondents representing the survey are male insurance representatives.

Chart No. 4.20: Distribution of Insurance Representatives Related to Bancassurance based on Gender

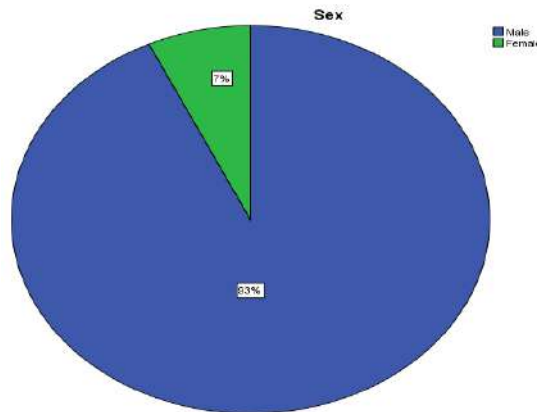


Table No. 4.54: Distribution of Insurance Representatives Related to Bancassurance based on Age

Age in Years	Frequency	Percent	Valid Percent	Cumulative Percent
20-30	16	37.2	37.2	37.2
30-40	26	60.5	60.5	97.7
40-50	1	2.3	2.3	100.0
Total	43	100.0	100.0	

Source: Field survey

Table No. 4.54 signifies the age group of insurance representatives related to Bancassurance. The study focuses on the range from 20 to 30 years, 30 to 40 years, 40 to 50 years, and 50 to 60 years. 37.2% (16) of the respondents fall in the age group of 20 to 30 years, 60.5% (26) respondents fall under the age of 30 to 40 years, 2.3% (1) respondents fall in the age of 40 to 50 years. To conclude, the majority of the respondents are in the age group between 30-40 years.

Chart No. 4.21: Distribution of Insurance Representatives Related to Bancassurance based on Age

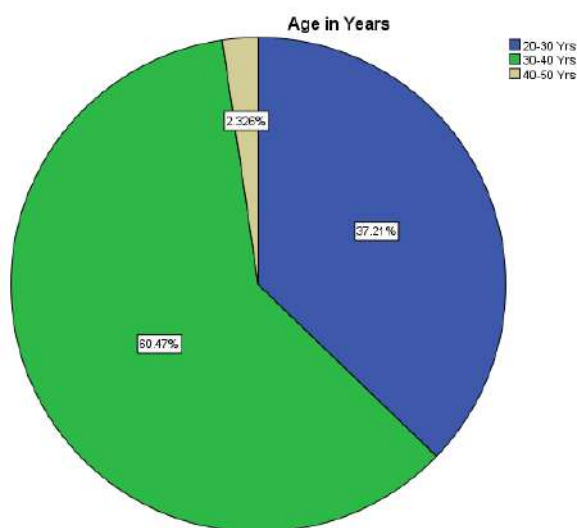


Table No. 4.55: Distribution of Insurance Representatives Related to Bancassurance on Geographical Location

Locality of the Insurance Companies				
Particulars	Frequency	Percent	Valid Percent	Cumulative Percent
Urban	13	30.2	30.2	30.2
Semi Urban	9	20.9	20.9	51.2
Rural	21	48.8	48.8	100.0
Total	43	100.0	100.0	

Source: Field survey

Table No. 4.55 indicates the representation of insurance representatives related to bancassurance based on geographical location. 30.2% (13) respondents are insurance representatives in urban area i.e., district headquarters, 20.9 % (9) of

respondents are insurance representatives in semi urban area i.e., taluk headquarters, and 48.8% (21) of respondents are insurance representatives in rural areas of both the districts. To conclude, the majority of the respondents are insurance representatives of banks operating in rural areas of both the districts.

Chart No. 4.22: Distribution of Insurance Representatives Related to Bancassurance on Geographical Location

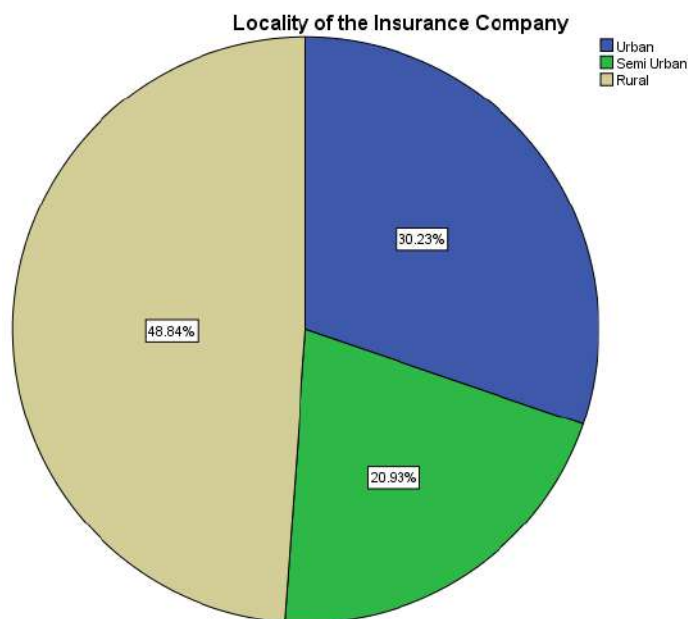


Table No. 4.56: Various Life Insurance Policies Sold by Bank Partners

Life Insurance Products	Responses		Percent of Cases
	N	Percent	
Child Plan	43	12.5%	100.0%
Retirement Plan	43	12.5%	100.0%
Pension Plan	43	12.5%	100.0%
Money Back Plan	43	12.5%	100.0%
ULIP	43	12.5%	100.0%
Assets Creation Plan	43	12.5%	100.0%
Monthly Income Plan	43	12.5%	100.0%
Others Plans	43	12.5%	100.0%
Total	344	100.0%	800.0%

Source: Field survey

Table No. 4.56 indicates the range of life insurance products sold by bank partners of the representing insurance company. The types of life insurance plans sold by the bank partners are Child Plans, Retirement Plans, Pension Plans, Money Back Plans, ULIP, Assets Creation Plans, Monthly Income Plans and many more. To conclude, the insurance and the banks are fully integrated in selling the all types of plans offered the concerned insurance companies, exhibiting good level of conglomerate integration between bank and insurance companies in practising bancassurance effectively.

Table No. 4.57: Non-Life Insurance Products Sold by Bank Partners

Non-Life Insurance Products Sold by Bank Partners	Responses		Percent of Cases
	N	Percent	
Health Plan	43	12.5%	100.0%
Vehicle Insurance	43	12.5%	100.0%
Home Loan Insurance	43	12.5%	100.0%
Liability Coverage Insurance	43	12.5%	100.0%
Cattle Insurance	43	12.5%	100.0%
Crop Insurance	43	12.5%	100.0%
Accident Insurance	43	12.5%	100.0%
Others Plans	43	12.5%	100.0%
Total	344	100.0%	800.0%

Source: Field survey

Table No. 4.57 indicates the range of non-life insurance products sold by bank partners of the representing insurance company. The types of non-life insurance plans sold by the bank partners are Health Plans, Vehicle Insurance, Home Loan Insurance, Liability Coverage Insurance, Cattle Insurance, Crop Insurance, Accident Insurance and many more.

To conclude, as like life insurance plans, the insurance and banks are fully integrated in selling the all types of non-life insurance plans offered the concerned insurance companies, exhibiting good level of conglomerate integration between bank and insurance companies in practising bancassurance effectively.

4.11 FACTORS SIGNIFICANT IN SELECTING THE BANK BY INSURANCE COMPANY

Insurance company considers a number of factors for selecting bank as a distribution channel which includes, bank asset size, successful experience in selling, bank customers demographic, good relationship with senior managers, back office, number of bank branches, server facilities, number of ATMs installation, geographical location and finally insurance as a part of bank branch goal.

Questions	Question Code
Bank asset size	F1
Successful experience in insurance selling	F2
Bank customers demographic	F3
Good relationship with senior managers	F4
Well established insurance back office	F5
Number of bank branches	F6
Server Facilities	F7
Number of ATMs installation	F8
Geographical location	F9
Insurance as a part of the bank branch goal	F10

Table No.4.58 shows the distribution of respondent's opinion on Factors Significant in Selecting the Bank by Insurance Company. 67.5% of the respondents agree that, bank asset is an important factor for selecting the bank. 69.8% of the respondents agree to the statement that, Successful experience in insurance selling is one of the significant factors for selecting bank, if the banks have selling experience, then it is an advantage for the insurance company to sell the insurance products effectively. 65.1% of the respondents agree that, Bank customer's demographic diversity is important because, it can help the insurance companies to target the demographically diverse customers like middle- and low-income group. 67.5% of the respondents agreed to the statement that, it is important to have good relationship with senior managers to effectively implement bancassurance in the banks.

Table No. 4.58: Distribution of respondent’s opinion on Factors Significant in Selecting the Bank by Insurance Company

Particulars	Factors Significant in Selecting the Bank by Insurance Company									
	F1	F10	F2	F3	F4	F5	F6	F7	F8	F9
Strongly Disagree	0%	18.6%	0%	0%	0%	0%	0%	0%	0%	0%
Disagree	2.3%	14.0%	14.0%	7.0%	4.7%	27.9%	4.7%	4.7%	32.6%	25.6%
Neutral	30.2%	23.3%	16.3%	27.9%	27.9%	27.9%	25.6%	30.2%	23.3%	34.9%
Agree	41.9%	30.2%	32.6%	44.2%	44.2%	30.2%	51.2%	48.8%	27.9%	18.6%
Strongly Agree	25.6%	14.0%	37.2%	20.9%	23.3%	14.0%	18.6%	16.3%	16.3%	20.9%
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Field survey

44.2% of the respondents agreed that there is a need of a well-established insurance back office and 27.9% of the respondent disagree that, a well-established insurance back office is not always necessary, since bank's experience can ensure effective selling. 69.8% of the respondents agreed that, the number of bank branches can be an important factor in selecting bank that is because; if the bank has more number of branches it helps the insurance companies to penetrate into market effectively.

65.1% of the respondents feel that, the server facilities provided by the banks are a significant factor for selecting the bank, that is true because, if the banks have good service facilities, then, the insurance company can also provide better services to its customers by using bank facilities. 32.6% of the respondents felt that, number of ATMs installation by bank is not an important factor, because it is independent to insurance services.

25.6% of the respondents disagree that geographical location of the bank is insignificant in selecting bank. 44.2% of the respondents disagree to the statement that, insurance is a part of the bank branch goal, because, when bancassurance is implemented in the bank, it is important to bank to make bancassurance business a branch goal to improve profitability of the bank.

To conclude, majority of the respondents felt that, the factors like Bank asset size, successful experience in insurance selling, bank customer's demographics, good relationship with senior managers of the bank, number of bank branches, server facilities provided by the banks are significant factors in selecting bank by insurance companies. Also, it is evident from the above table that, the factors such as well-established insurance back office, number of ATMs installation, geographical location of the banks and bank considering insurance as a part of the bank branch goal are not much important in selecting bank by insurance companies.

Chart No. 4.23: Distribution of respondent’s opinion on Factors Significant in Selecting the Bank by Insurance Company



Table No. 4.59: Chi-Square Test Result for Factors Significant in Selecting the Bank by Insurance Company

Competition Factor	Chi-Square	Tab Value	df	N	Sig.
Bank asset size	14.20	7.81	3	43	.003
Successful experience in insurance selling	6.95	7.81	3	43	.073
Bank customers demographic	12.34	7.81	3	43	.006
Good relationship with senior managers	13.65	7.81	3	43	.003
Well established insurance back office	2.86	7.81	3	43	.414
Number of bank branches	19.60	7.81	3	43	.000
Server Facilities	18.67	7.81	3	43	.000
Number of ATMs installation	2.48	7.81	3	43	.477
Geographical location	2.67	7.81	3	43	.445
Insurance is a part of the bank branch goal	4.09	9.49	4	43	.394

Source: Field Survey

It is evident from the Table No. 4.59 that, out of 10 factors considered in the study, 50% factors are significant and 50% factors are insignificant in selecting bank for selling insurance products, since the calculated value of these 5 factors are less than the table value at 5% level of significance. Hence, we can conclude that, the insurance companies largely consider the bank asset size, bank customer's demographic, good relationship with senior managers, number of bank branches and server facilities for targeting the bank for selling their insurance products. Bank experience in insurance selling, well established insurance back office, number of ATMs installation, geographical location is considered to be insignificant factors by insurance representatives in choosing the banks to be a partner in bancassurance because the factors doesn't directly affect the performance of the bancassurance.

4.12 FACILITIES EXTENDED BY THE INSURANCE COMPANY TO BANK

Table No. 4.60: Facilities Extended by Insurance Company to Bank

Descriptive Statistics		
Facilities	N	Mean
Amount of money spent on marketing will be increased	43	3.74
Provide sales, marketing and management support	43	4.02
Provide funds to build models to understand the demographic opportunities within bank	43	3.77
Meeting for quarterly strategy and business plan	43	3.98
For fully underwritten products underwriting concession	43	3.63
Provide full time onsite trainer	43	3.51
Continuous education training	43	3.84
Provide technical and operational support	43	3.79
Incentive trips from insurance company	43	3.74
Provide dedicated home office support for underwriting and customer service	43	3.37
Valid N (list wise)	43	

Source: Field Survey

It is evident from the Table No.4.60 that, the insurance company is ready to extend facilities to the banks to sell insurance products. The facilities provided by insurance company to banks are effective for selling of insurance products by banks. There is an increased in the activities such as money spent on marketing activities, providing sales, marketing and management support, extend monetary support to build models to understand the demographic opportunities within the bank, providing underwriting concession for fully underwritten products, deployment of full-time onsite trainer for continuous education and training to bank employees. To motivate bank employees, incentive trips are arranged by insurance company. Hence, we can conclude that, the insurance companies are ready to extend facilities to banks if bank considers the insurance company as a strategic partner in promoting bancassurance.

4.13 IMPACT OF OPERATIONAL AND ADMINISTRATIVE FUNCTIONING ON OVERALL EFFECTIVENESS

H₀₁₁: There is no significant impact of operational and administrative functioning on overall effectiveness of Bancassurance practice by bank partner.

H_{A11}: There is a significant impact of operational and administrative functioning on overall effectiveness of Bancassurance practice by bank partner.

Table No. 4.61: Correlations between Operational and administrative functioning on overall effectiveness of Bancassurance practice by bank partner

Correlations		Operational and Administrative Functioning	Over All Effectiveness
Operational and Administrative Functioning	Pearson Correlation	1	.789**
	Sig. (2-tailed)		.008
	N	43	43
Over All Effectiveness	Pearson Correlation	.789**	1
	Sig. (2-tailed)	.008	
	N	43	43

Source: Field Survey

As shown in Table No. 4.61 the Karl Pearson correlation coefficient is 0.789**, this indicates that, there is a high degree of positive correlation (r value lies in between 0.5 and +1) between operational and administrative functioning of

insurance company and effectiveness of bancassurance practice by partner bank. This indicates that, operational and administrative functioning of insurance company has a positive impact on overall effectiveness of bancassurance practice by partner bank.

If the banks are expertized in database management, it will be beneficial for the insurance company in selling of insurance policies through banks. And if the insurance company is fully integrated with banks in terms of procedure and systems, the customers feel hassle free in procuring the financial services offered by the banks. And hence, insurance company can increase the customer’s satisfaction towards bancassurance services provided by banks. Hence, we can conclude that, there is a significant impact of operational and administrative functioning on overall effectiveness of Bancassurance practice by bank partner.

4.14 ASSOCIATION BETWEEN TRAINING SERVICES PROVIDED BY INSURANCE COMPANY AND ON OVERALL EFFECTIVENESS

In this section association between training services provided by insurance company and overall effectiveness has been tested.

H₀₁₂: There is no association between training services provided by insurance company and overall effectiveness of Bancassurance practice by bank partner.

H_{A12}: There is an association between training services provided by insurance company and on overall effectiveness of Bancassurance practice by bank partner.

Table No. 4.62: Correlations between training services provided by insurance company on overall effectiveness of Bancassurance practice by bank partner

Correlations		Training Services Provided	Over All Effectiveness
Training Services Provided	Pearson Correlation	1	.672**
	Sig. (2-tailed)		.015
	N	43	43
Over All Effectiveness	Pearson Correlation	.672**	1
	Sig. (2-tailed)	.015	
	N	43	43

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Field Survey

As shown in Table No. 4.62, the Karl Pearson correlation coefficient is 0.672**, this indicates that, there is a high degree of positive correlation (r value lies in between 0.5 and +1) between training services provided by insurance company on effectiveness of bancassurance practice by partner bank. This indicates that, training services provided by insurance company has a positive impact on overall effectiveness of bancassurance practice by partner bank.

The insurance company is effectively providing training to bank employees in the area of advanced underwriting training, back-office management, training on existing and new insurance products, technical solution at sales point, and management of customer's complaints and service. The training given by the insurance company can enhance the competency of the bank employees.

4.15 OVERALL EFFECTIVENESS OF BANCASSURANCE PRACTICE BY PARTNER BANK

Overall effectiveness of bancassurance practice by partner bank has been depicted in the following table

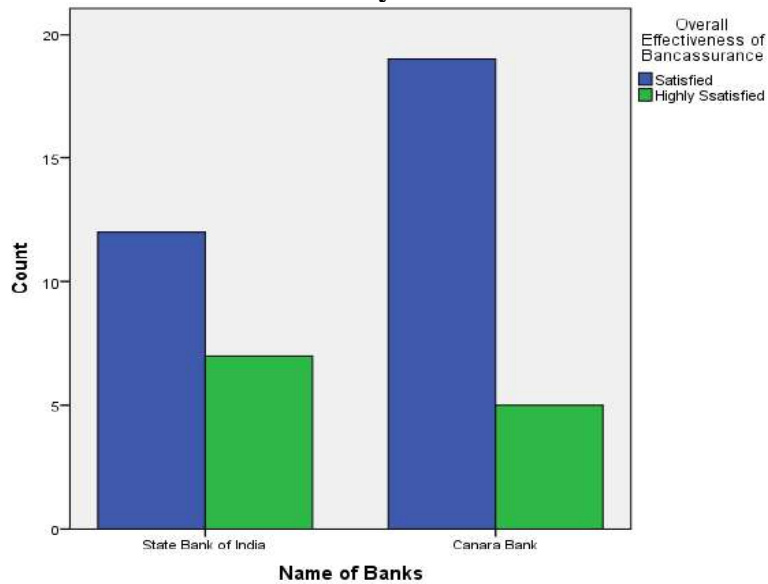
Table No. 4.63: Overall effectiveness of Bancassurance practice by Partner Bank

Name of Bank	Overall Effectiveness of Bancassurance		Total
	Effective	Highly Effective	
State Bank of India	12	7	19
Canara Bank	19	5	24
Total	31	12	43

Source: Field Survey

Table No. 4.63 depicts response of insurance representatives on the overall effectiveness of bancassurance practice by partner bank. Out of 19 insurance representatives associated with SBI, 12 feel the practice is effective and 7 feel highly effective. And out of 24 insurance representatives associated with Canara Bank, 19 feel the practice is highly effective. Hence, we can conclude that, Bancassurance practice by Partner Bank is effective and it is benefiting both bank and insurance company.

Chart No.4.24: Distribution of Respondents Based on Overall Effectiveness of Bancassurance Practice by Partner Bank and Bank Wise



4.16 CONCLUSION

Bancassurance implementation in the banking sector has played a major role in the development of the country. Both the bank and the insurance company are playing a vital role for the success of bancassurance and are adopting various strategies for the successful implementation of bancassurance as well as to provide insurance facilities to every customers. However, the present study analyzed that though banks are offering insurance products to its customers through bank branches, but bancassurance awareness and usage of insurance products is limited. Majority of the rural customers are unaware and are not using insurance as a risk protection tool. Hence, there arises the need to create bancassurance awareness among rural customers. It has been also observed that few branches in the rural areas are practicing bancassurance partially and banks as well as bank employees are facing the problems in the bancassurance implantation. Hence, bank employees should be given adequate training to sell insurance products and to solve the grievances of the customers at the earliest. At the same time effective strategies should be adopted to avoid miss-selling and to solve customers' grievances at the earliest.

CHAPTER 5

SUMMARY OF MAJOR FINDINGS, SUGGESTIONS AND CONCLUSION

SUMMARY OF MAJOR FINDINGS

The present study has revealed the various facts regarding the functional synergy created through the integration of banking and insurance sectors its adoption which is presented under the following heads:

- 5.1 Findings based on demographical factors.
- 5.2 Findings based on objectives of the study.
- 5.3 Findings based on hypothesis, research model and statistical analysis

5.1 FINDINGS BASED ON DEMOGRAPHICAL FACTORS OF THE STUDY

Findings based on demographical factors are categorized as bank employees and insurance company employees mentioned as in the following paragraphs

5.1.1 Bank and their branches:

The following findings are drawn based on data analysis and Interpretation:

- 100% of the bank branches (including rural branches) are practicing bancassurance and successfully providing bancassurance services.
- 60% banks are practicing bancassurance completely, 36% are practicing significantly and the remaining 4% of the branches are practicing partially.
- All the bank branches are involved in selling of insurance products, but 59% of the banks sell 4-6 companies insurance products, and 41% of the banks sell 1-3 companies insurance products.
- Both, the bank as well as insurance representative's deals with bancassurance services of the concerned branch.

- All the branches of SBI sell insurance products daily, whereas, the Urban and semi urban branches of Canara bank sell daily, in case of rural branches of Canara bank some branches sell on weekly basis and some branches sell on monthly basis.

5.1.2 Insurance Company employees

The following findings are drawn based on data analysis and Interpretation:

- Majority (93%) of the insurance respondents are males.
- Major portions of the respondents (60.5%) fall under the age group between 30-40 years.
- 48.8% of the respondents are working in rural areas, 30.2% are working in urban areas, and the remaining 20.9% are working in the semi-urban areas.
- 100% of the insurance respondents are selling life and non-life insurance products.

5.2 FINDINGS BASED ON OBJECTIVES OF THE STUDY

Objectives framed are the basic guidelines for research study, without definite objectives no researcher can do the research study and prove those preset objectives. Hence, the set objectives should be evaluated. Below listed are some of the findings based on the objectives of the study.

Findings based on objective-1:

To examine the impact of operational and administrative elements on functioning relationship of bank and insurance company.

- With regard to correlation between operational and administrative functioning and overall effectiveness of bancassurance, correlation result is 0.789, where the calculated value which lies in between 0.5 and +1; hence, it is clear that there is a high degree of positive correlation. This indicates that operational and administrative functioning have a positive impact on overall effectiveness of bancassurance. This shows that if banks are expertise in database management, it is

beneficial to insurance company and if the insurance company is fully integrated in terms of procedure and systems, customers feel hassle free in procuring the bancassurance services. It can be concluded that operational and administrative elements have much influence on overall bancassurance practice by the bank partner.

Findings based on objective-2: To examine the impact of insufficient service, product inflexibility and bank employees' resistance in the functioning of bancassurance services.

- Correlation between functioning of bancassurance services and effectiveness of bancassurance practice is 0.684, where the calculated value which lies in between 0.5 and +1; hence, there is a high degree of positive correlation. By this it is evident that functioning of bancassurance services has a positive influence on overall effectiveness of bancassurance practice. Therefore, it is concluded that if there are no problems realized by the bank in functioning, it increases the effectiveness of the bancassurance practice.

Findings based on objective-3:

To identify the role of cost, product diversification and customer's retention in synergy creation by bank and insurance.

- The result of correlation between cost synergy and overall effectiveness of bancassurance practice is 0.802, where the calculated value which lies in between 0.5 and +1; hence, it is clear that there is a high degree of positive correlation. This states that, cost synergy has a positive influence on overall effectiveness of bancassurance practice. From this inference, respondents stating that there exists a favorable relationship between cost synergy and overall effectiveness. This is due to low-cost channel and low-cost database management.

- As per the analysis between product diversification and brand image and overall effectiveness of bancassurance, correlation result is 0.618, where the calculated value which lies in between 0.5 and + 1; hence, this indicates that there exists a high degree of positive correlation. By this, it is evident that product diversification, and brand image synergy of bank have a positive impact on overall effectiveness of bancassurance. It is obvious that bancassurance can benefit the bank in diversification of product.
- Correlation between customer's retention and customer's satisfaction and overall effectiveness of bancassurance is 0.809, where the calculated value which lies in between 0.5 and +1; hence, it is evident that there is a high degree of positive correlation. This connotes that, customer's retention and satisfaction synergy of bank have a positive impact on overall effectiveness of bancassurance practice. Therefore, we can conclude that bancassurance establishes long term relationship with bank.

Findings based on objective - 4:

To evaluate the influential factors like competition, professionalism among the staff, customers database, customers' acquaintance and geographical factor in inclusion of bancassurance by banks.

- With regard to competition as a significant motivating factor in adopting bancassurance is concerned, it is revealed that the obtained value of the Pearson chi-square (χ^2) for factors like large customers database help to overcome competition (167.143), untapped and uninsured population provides opportunities (119.626), insurance awareness among bank customers and demand for insurance products (108.549), better range of financial services (58.220), hedging tool against margin decline on traditional banking products (96.187), and the table value at 0.05 level of significance $df = 4$ is 9.48. Therefore, we can conclude that competition is a significant motivating factor in adopting bancassurance by the bank.

- With respect to professionalism in the staff as a motivating factor in adopting bancassurance by bank is concerned, it is found that the calculated value of the Pearson chi-square (x^2) for factors like bank image as a trustworthy and reliable financial provider (69.20), image of the staff as a financial advisor (62.35), banks service oriented culture (56.72), well trained huge staff (87.14), financial language and terminology familiarity (131.29), and the table value at 0.05 level of significance $df=4$ is 9.48. Therefore, these factors greatly influence on the bancassurance.
- From the view point of large customers database as a motivating factor in adopting bancassurance is concerned, the value of the factors such as large data base of the retail and corporate customers create motivational factor for insurance inclusion (75.97), bank staff awareness of customers financial needs (178.0), financial position and financial requirement of customers help to design customized products (76.24) are more than the table value 9.48 at 0.05 level of significance $df=4$. Thus, already existing large database of the retail and corporate customers may increase the success rate of selling the insurance products.
- Testing of customers' acquaintance as a motivating factor in adopting bancassurance, the obtained value of the Pearson chi-square (x^2) for factors like personal and face to face acquaintance with customers (72.19), strong relationship and good rapport with customers (142.34), personalized services to every customer (101.90), high volume of customers contact in a short period of time (109.20), and the table value at 0.05 level of significance $df=4$ is 9.48. Therefore, these factors have a significant impact on adopting bancassurance.
- Testing of geographical factor as a motivating factor in bancassurance adoption revealed that the value for factors like banks have multiple communication channel (106.13), banks use multiple promotional tool (123.27), wide geographical area coverage helps in tapping middle and lower income group (97.06), overall branches modernization and computerization will be used for insurance promotion also

(126.18) and the table value at 0.05 level of significance, $df=4$ is 9.48. Therefore, there is a significant impact of geographical factor in bancassurance implementation. Since, banks are geographically distributed through establishment of branches, it enables banks to penetrate geographically than insurance companies.

Findings based on objective-5:

To evaluate the impact of training and other supporting elements of insurance company on bancassurance business.

- Correlation between training services provided by insurance company and overall effectiveness of bancassurance practice is 0.672, where the calculated values which lies in between 0.5 and +1; hence, it is evident that there is a high degree of positive correlation. Thus, training services provided by insurance company has a positive impact on overall effectiveness of bancassurance practice. This implies that insurance company is effectively providing training to bank employees in the different areas.
- With regard to the other supporting elements of insurance on bancassurance business, the calculated value for factors like amount of money spent on marketing will be increased (3.74), provide sales, marketing and management support (4.02), provide funds to build models to understand the demographic opportunities within bank (3.77), meeting for quarterly strategy and business plan (3.98), for fully underwritten products underwriting concession (3.63), provide full time on site trainer (3.51), continuous education training (3.84), providing technical and operational support (3.79), incentives trips from insurance companies(3.74). Hence, we can conclude that insurance companies are ready to extend facilities to bank if bank consider the insurance company as a strategic partner. The insurance company is ready to extend facilities to banks to sell insurance products. The facilities provided by insurance company to banks are effective in selling of insurance by banks. There is an increased contribution such as on marketing activities, providing sales, marketing and management support, extend monetary support to build models

to understand the demographic opportunities within the bank, providing underwriting concession for fully underwritten products, deployment of full-time onsite trainer for continuous education and training to bank employees. To motivate bank employees, incentive trips are arranged by insurance company. Hence, we can conclude that, the insurance companies are ready to extend facilities to banks if bank considers the insurance company a strategic partner in promoting bancassurance.

5.3 FINDINGS BASED ON HYPOTHESIS, RESEARCH MODEL AND STATISTICAL ANALYSIS

5.3.1 Bank and their branches:

The following findings are drawn based on hypothesis, research model, and statistical analyses which are presented as below.

- With regard to bank infrastructure as a motivating factor in adopting bancassurance is concerned, the calculated value of the Pearson chi-square (χ^2) for reasons like less requirements of additional capital (78.35), fee income as a source of risk free income(130.80), one stop shopping for financial products (92.50), existing marketing and processing capabilities of the bank makes it less complicated to bancassurance implementation (110.52), and the table value at 0.05 level of significance, $df = 4$ is 9.48. Hence, there is a significant relationship between bank infrastructures as a motivating factor in adopting bancassurance. Therefore, it is concluded that existing bank infrastructure greatly influenced on the bancassurance implementation.
- The result of correlation between optimization of resources and enhance employee's productivity and overall effectiveness of bancassurance practice is 0.902, whereas the calculated value which lies in between 0.5 and + 1; hence, this indicates that there is a high degree of positive correlation. This shows that optimization and enhanced productivity have positively influenced on overall effectiveness of bancassurance practice. In this connection with the statistical inference, it can be

concluded that synergy can be created, when the banks utilize its excess workforce effectively in promoting bancassurance and the bancassurance can help in better credit risk management.

- When changes in bank after bancassurance implementation is tested, the calculated value of the Pearson chi-square (x^2) for factors like increase in number of customers of bank (56.54), reduction in customers complaint (70.87), increased productivity of employees and branches (80.6), better targeting of customers (95.05), surplus workforce diversion (133.0), cost synergy due to efficient utilization of database (55.58), enhanced customers satisfaction and customers confidence (49.86), administrative, marketing and operating cost leverage (110.25), reduction on reliance on traditional source of income (87.45), leverage on numerous contact opportunities (106.57) and the table value at 0.05 level of significance, $df=4$ is 9.48. Hence, it is concluded that there is a significant change in bank after bancassurance implementation.

5.3.2 Insurance Representative:

The following findings are drawn based on research model and hypothesis which are presented as below:

A construct level correlation analysis and chi-square test is used as a preliminary check for the proposed hypothesis. These findings have emerged through the analysis of Karl Pearson co-efficient correction and chi-square test.

- Testing of factors influence in selection of bank as a bancassurance partner is revealed that the obtained value of the Pearson chi- square (x^2) for factors like bank asset size (14.20), bank customers demographic (12.34), good relationship with senior managers (13.65), number of bank branches (19.60), server facilities (18.67) and the table value at 0.05 level of significance, $df=6$ is 7.81. These are the factors which are significant in selecting bank as a bancassurance partner.

- When the remaining factors in selection of bancassurance partner is tested. The obtained value of the Pearson chi-square (χ^2) for the factors like, successful experience in insurance selling (6.95), well established insurance back office (2.86), number of ATM's Installation (2.48), geographical location (2.67) and insurance is a part of the bank branch goal (4.09), and the table value at 0.05 level of significance, $df = 5$ is 7.81. These five factors are considered to be insignificant factors in selecting bank for selling insurance products. Out of 10 factors considered in the study, 50% are significant as they directly affect bank selection and the remaining 50% are insignificant as they not directly affect the selection of bank for bancassurance partnership.

5.3.3 Findings based on Statistical Analysis

Following are the findings based on Statistical Analysis of the research

- With respect to overall effectiveness of bancassurance practice by partner bank, 27.90 % of the insurance respondents are of the opinion that bancassurance practice is highly effective, whereas 72.09% of the respondents are of the opinion that it is effective in their partner bank, hence, we can conclude that bancassurance practice by partner bank is effective and it is benefiting both Insurance company and bank.
- When effectiveness of bancassurance practice is tested, it is revealed that the calculated value for factors like ineffective (-41.5), satisfactory (27.5), effective (47.5), highly effective (-33.5) and the calculated value at 0.05 level of significance $df = 4$ is 128.725, which is greater than the table value of 7.851. Therefore, it can be concluded that, bancassurance practice is effective in respondent's bank. This may be due to the efficient use of the bank resources and proper coordination in practicing bancassurance.

Conclusion:

From the above findings of the study it can be concluded that bancassurance has a significant impact on the banking business in India and if the motivational factors

are explored properly, it will be beneficial to both the bank and the insurance sectors, insurance companies should also provide proper training facilities to bank employees to boost and to make the insurance selling task easy, customers can be retained as well as new customers can be attracted by making claim settlement early and easy.

5.4 SUGGESTIONS OF THE STUDY

Bancassurance success depends on the combined efforts and participation of both the bancassurance partners. This will make bancassurance successful and will help to provide insurance as an investment as well as financial security measure to every citizen of the country. This in turn will help India to become self-reliant country. The following are some of the suggestions made, which has been broadly categorized under following heads.

5.4.1 Suggestions to Banks

5.4.2 Suggestions to Insurance Companies

5.4.3. Suggestions to Policy Makers

i. Suggestions to Government

ii. Suggestions to RBI

iii. Suggestions to IRDA

5.4.4 Combined Suggestions to Bank and Insurance Companies

5.4.5 Suggestions to Customers

5.4.1 Suggestions to Banks: Banks play a vital role in the development of the country and as such following are the suggestions offered to the banks to make bancassurance a success across the country.

The following suggestions are made to banks on the basis of the study which are stated as under:

- Selling insurance product is a real skill. The major problems in the bancassurance are the lack of selling skills and product integration. There should be proper training to the bank employees regarding the different types of products, comparative

advantage and their varied benefits. So, insurance company should build and train each and every individual in the bank in the following way.

- a. In case of bank where daily walk-in average range customers is 200-300 (large branch).
 - b. Hence, a separate team consisting of both, one bank employee exclusively for insurance and multiple insurance representative.
 - c. In case of rural bank, a team consisting of one bank employee exclusively for insurance and an insurance representative who can visit at least weekly twice. They should undergo periodic training to know the product features, and its benefits. As it requires a special approach, bank should employ skilled and qualified personnel for bancassurance activities.
- Still in India, insurance penetration rate is very low and there is a large untapped insurance market in the rural areas. On an average, public sector banks give average 1.3 products per customers, whereas private banks sell five products to a single customer, PSU (Public Sector Undertakings) have to look into this as option for penetration. So, Public Sector banks have to create awareness and give multiple products to its vast customer base, through a dedicated team, technology and reach to every corner of its customer base. Hence, banks should start marketing at branch level and also create an awareness there by doing activity of insurance need and want.
 - Bancassurance success is linked with the technology, its success requires customers frequent visit to bank due to technology up gradation new generation customers are rarely visiting bank which is adversely affecting bancassurance, by linking bancassurance with the technology it can be popularized. Hence, mobile banking can be used in the form where customers can buy new policy by himself, pay the renewal premium, take the tax receipt, claim the amount (in case of non-life) revive policy do comparison in one button touch through mobile yet with all this innovation, human touch is required while doing financial planning. Hence, banks

and insurance companies should have one expert in each branch to do financial planning which value adds to the bank.

- Innovation is the new Mantra of the day. Innovation in the insurance products is the main criteria for bancassurance success in the developing country and also the criteria to differentiate bancassurance from other distribution channel of insurance company. Hence, bancassurance model should incorporate with new thinking; new ideas and new work culture; bank can apply approaches in its functioning, viz. (a) Along with banking products basic insurance products can be combined, (b) Other products should be as per the customer's financial requirements and (c) Bank should focus on loan related insurance products which is the key requirement in the current scenario.
- Financial planning is most important to every individual, so bank should create awareness about financial planning in the minds of their customers by considering insurance as an investment option. Both insurance company and bank invest time and money to expertise its staff in financial management, so as to make customers feel that their finance is safe and in the knowledgeable hand, whereas in the agency, very few people invest time and money to become expert, from a customer point of view, bancassurance is a safe and reliable option for investment. Also, in bancassurance there will be always a person who can guide about financial aspects irrespective who have started it.
- On the basis of trust, vast majority of products is sold through bancassurance, while selling bancassurance products there should not be any misrepresentation of facts, as it leads to losing valuable customers and there will be no repeated sales. To overcome this, bank and insurance company should setup robust and effective checks, while sourcing the policy to the customers from external agency, insurance company should update and layout the terms and conditions of the products in a simplified and in local language to the customers. Post sales services to be followed by the experts in the branch periodically, guidance and update the customers on the

latest development of financial market, both by digital media and also verbally, it will increase the customer's trust and experience resulting repeated and long-term customers. Also giving one touch information regarding their policy through digital platform will attract the customers effectively.

- Banks are well known for their expertise in dealing with corporate customers, same trust and confidence can be used to sell the group insurance. So, bank representative can approach the corporate clients for bancassurance products. Bancassurance products like employer- employee, key man insurance, group hospitalization, cash benefit (non-life) the awareness can be created by campaign, kiosk, and kiosk desk setup in the corporate campus.
- Private Banks have large customers base on account of private company salary account, along with bancassurance products they can offer pension type insurance products to the salaried account holder. Instead of targeting the entire market, they can create a niche market for bancassurance products. For government sponsored schemes like pension plan, health plan, life insurance plan, small salary account can be approached, the approachable customers are from lower to medium, which is a large segment.
- Nationalized banks have large customers base on account of low and medium salaried base where banks can approach the customers on government sponsored schemes like Pradhan Mantri Jeevan Jyothi Yojana (PMJJY) also Atal Pension Yojana, where the customers are lower to medium which is a large segment.
- Customers visit bank for specific purpose and even bank employees have by schedule, hence products and its updated version should be simplified, banker can prepare documentation which will help customers to visualize the product details and expected benefits while waiting for his turn, via setting up television in the branch premises, also it can be send to the new generation customers via e-mail, whatsapp and social media.

- Both bank and insurance company should work on the claim settlement procedure as it plays an important role in building trust, reputation, and confidence in the customer's mind. As insurance policy is sold through bank, they should not only settle the claim procedure quickly to enhance customer's confidence, also to bring trust in the dependence life. Any insurance company if the claim settlement is less than 85%, IRDA will issue a notice to the insurance company; Insurance Company and bank should have a team towards claim settlement branch wise and can take the help of external agencies in investigation. Regular audit and inspection will also avoid leakage of revenue.
- Developing a healthcare industry in India is very much important, there is a greater demand for health care and insurance products as very few people have access of healthcare products, one of government initiate to provide insurance coverage to every citizen is through Ayushman program, by making Ayushman programme to reach each and every corner and to every person through banks distribution channel, banks can play a major role in most of the remote places also by conducting awareness programme and for creating an importance of health insurance there can be road plays by NGOs common platform of addressing the community also stretching the extended hands from the Aanganwadi Kendra.
- When bank sell bancassurance products, one of the prime objectives of the bank is to ensure that the insurance should not be an additional product to the banks in the existing portfolio, but it should be a complement to the existing portfolio, it should be designed in such a way that it should allow the bank staff to efficiently and actively sell them.
- Awareness of bancassurance products among public will make bankers job easy. So, awareness campaign in rural and urban areas in collaboration with insurance company and Zilla Panchayath and Aanganwadi Kendra's along with the collaborations of NGOs to provide door to door campaign.

- Bank can improve the efficiency by giving more emphasis on practice like tax consideration, security, frequent customers interaction, trust and loyalty, and also on regular basis, organize customer's segment wise meetings and educate the importance of financial needs.
- Importance and Awareness of insurance can be created through ATM kiosk, ATM space, where banker can put banner and posters, after completion of transaction the ATM can display single page information on importance of insurance.
- To attract more customers, commercial bank can go for aggressive marketing campaign by sending frequent emails to the customers about the various insurance policies, with the link carrying them to the bank website. Registered mobile number, SMS, greetings on birthday and anniversary along with insurance information in single page.
- Bank employees should explain the benefit of insurance products and the importance of it through life-cycle models, where customers will be able to understand his needs and requirements where it will help the bank employees to gain trust and confidence towards its customers
- As bancassurance success is depends on the banking partners strength with whom insurance company has a tie-up. So, while selecting the banking partner, insurance company should consider factors such as number of bank branches, banks clientele nature, work staff composition and usage of latest technology.
- There are some areas in India which are considered as deepest part of India because of its less connectivity to the urban area. By educating and making them to understand the need of insurance the self-help group can bring maximum people under insurance coverage by giving them incentive programme incentivizing women self-help group to collect micro insurance premium, maximum people can be brought under insurance coverage

5.4.2 Suggestions to Insurance companies: Insurance companies play a vital role in the development of bancassurance by providing a number of facilities to bank, to make bancassurance task easy.

The following suggestions are made to insurance companies on the basis of the study which are stated as under:

- Service should be the core importance for the insurance company, if any bank customer who purchased insurance products are not satisfied with the insurance service; the insurance company should go an extra mile and solve the issues to bring back the customer's satisfaction.
- In order to bring innovation in the product, market survey should be conducted to know the changes in the needs of the customers. Preference of new generation customers is towards short term products (1-3 years), so short term products should be designed and it should be available through online, as well as through mobile banking.
- The insurance company should have a complaint redressal cell on a district wise, the insurance company should have more robust checks while selling the policy initially to the customers.
- The insurance company should frequently give classroom training to the bank employees and keep doing audit of bancassurance products.
- To empower women and to make her independent, special products should be designed for working women / home maker at specialized rate to boost the moral confidence, also products should be designed keeping returns at maturity, at specialized rate, discount, affordable premium, so that catering to rural segment hassle free documentation door step services.

- Awareness camp in collaboration with panchayath, NGO's will provide door to door campaign. By incentivizing women self-help group to collect micro insurance premium in deepest part of India. Maximum people can be brought under insurance coverage.
- Insurance company should undergo research and development regularly to understand customers need.
- Insurance awareness should be created in the general public by conducting awareness programs for college students, general public and for retired, salaried persons, and even for rural people also. Continuous review of insurance business should be undertaken.
- To explore more on products for cancer critical illness and pregnancy related, insurance companies should have an expert to talk to the nominees of the deceased person in case of eventuality.
- If any bank customers who purchased insurance products from bank are not satisfied with the insurance service, proper steps should be taken to analyse their problems and to satisfy, which will create confidence in the minds of the customers
- After sales services should be provided to the customers

5.4.3 Suggestions to Policy Maker

Following are the various suggestions offered to the policy maker.

i. Suggestions to the Government

Development of any country depends on the government policy and the implementation of such policy in the country. Government plays a vital role to provide social and economic security to the public. Hence, following suggestions are made to the government on the basis of the study which is stated as under:

- For the development of the weaker section of the society, various insurance policies should be framed to protect life and non-life property with the minimum premium and maximum benefits.
- Level of insurance awareness among people in India is less. Hence, Government should conduct awareness programme and importance of health and other insurance should be created in the minds of the general public. By giving importance to health insurance government can promote and motivate bancassurance.
- Ayushman Programme is one of the government efforts to provide insurance service to common man. Implementations of such programme through banks can create bancassurance awareness among public.
- Not only in the urban areas, but also in the rural areas, bank should sell bancassurance products actively. So, government should take initiative in this regard.
- Through public sector banks government should introduce the insurance policy, where the premium option should be to pay daily, weekly or monthly. This will help the daily wage worker to pay premium easily.
- In case of agriculture, the farmer's claim of loss, due to lack of rain or natural calamities, should be settled early without many formalities, to avoid farmer's death in India.
- As there is an absence of a single regulator, there are possibilities of regulatory arbitrage, so a single regulator for insurance company and banks needs to be framed, especially in case of bancassurance.

ii. Suggestions to Reserve Bank of India (RBI)

RBI has taken various steps for the economic development of the country and has come up with various banking schemes for the benefit of the poor and weaker section of the society. So below mentioned are general suggestions proposed by the researcher for the benefit of the customers.

- Advertise in their website and in other occasion the importance of insurance, this will promote bancassurance.
- Reserve Bank of India to guide / instruct bank or insurance companies in settlement of claims through electronic mode within the time frame.
- Form a committee on designing and developing micro insurance products along with products for women in liaison with IRDA.
- Bring strict guidelines and adherence towards claim settlement procedure of insurance policy, this will protect the policy holder interest and boost their confidence.
- To instruct banks to ensure loans are covered under group policy so that the loss should not be borne by the nominee.

iii. Suggestions to Insurance Regulatory and Development Authority of India (IRDA)

Following are the suggestions offered to the IRDA:

1. To mention terms and conditions in the local language also.

5.4.4 Combined Suggestions to Banks and Insurance Companies:

Both the insurance company and the bank play an important role for the development of the country; hence both the sectors have to join hands together to gain the benefit of bancassurance synergy.

The following suggestions are made to banks and insurance representatives on the basis of the study which are stated as under:

- At the senior management level, both the insurance company and bank must have clear cut vision and mission for bancassurance.

- As brands play an important role for bancassurance partnership, both the bank and insurance company should continuously work to maintain and improve their brand image.
- Bancassurance practice is not completely adopted by all the banks. So banks and insurance companies have to work efficiently to implement it in all the bank branches.
- A Robust and Systematic mechanism should be developed to make the centralized database of the customers to be available to both the bank as well as to the insurance company. To avoid the issues related to the latest policy value updation, loan against insurance policy, recontinuation of lapsed policy, these can be provided by the bancassurance bank.
- Co-ordination is very important for the success of any business; it also applies to the service sectors. Hence, there should be proper co-ordination between bank and insurance staff for selling insurance products. This avoids mis selling of insurance products.
- For the efficient functioning of bancassurance, there should be help desk or help line for the customers to lodge complaint or for guidelines.
- To ensure proper functioning of the bancassurance, branch manager of the bank should also monitor the bancassurance business.
- Insurance awareness should be created in the general public by conducting awareness programs for college students, general public and for retired, salaried person and even for rural people also. Continuous review of insurance business should be undertaken.

- It is the normal belief that first experience is the best experience. So whenever customers use the bancassurance products, his/her experience should be exceptionally good, good experience makes users to purchase repeatedly and they will refer the products to others. So, make their visit delightful.
- Emphasis should be given to make insurance as an investment option as majority of the population are unaware about it. In this way bank can reach more customers.

5.4.5 Suggestions to Customers

Customers are the king of the market and the main intention behind any product is to satisfy the needs of the customers, all the efforts will be of no use if customers are not satisfied.

Following suggestions are made to the customers on the basis of the study.

- Instead of visiting various financial companies for banking and insurance products, it can be purchased from the bank branch itself, it saves time, effort. Under one roof they will get all financial products- one stop shopping.
- Read all the policies and benefits terms and compare it with the income level of their family and select the policy as per the financial needs of the family.
- If you are referring the bancassurance products to other non-bank customers analyze the bancassurance products by yours self-first, then refer to others.
- Before signing read all the terms and conditions carefully.
- Renewal payment to be followed up by the customers without fail.
- Participate in meetings and camps, arranged by banks and gain awareness of various insurance products.
- Encourage their friends and relatives for bancassurance products.

5.5 CONCLUSION

In India, the importance of insurance is gearing up not only as an investment product but also as a security measure for the future. Many foreign insurance companies are also intending to choose bank as a distributing channel for marketing insurance products. It can be possible only if there is smooth flow of information of customers database to the insurance partner. Hence, there are natural synergies between banks and insurance companies. If they increase their focus on bancassurance channel both the insurance company and the bank can take the advantage of possible synergies. By using multi distribution channel, the marketing of insurance product will be smart strategies particularly for the Indian market. It is the bancassurance channel through which the huge untapped insurance market can be reached. The success of the bancassurance channel will depend on how both bank and the insurance company can understand each other. The bancassurance success will provide a super financial market for the customers where they can get all financial products under one roof. So, the researcher concludes that, bancassurance is successful in other economy, in India it has just started but will be successful in the Indian economy also, as our country has vast resources and huge untapped insurance market which provides opportunities for bancassurance.

Area of further Research

Though the study made an attempt to measure and assesses the level of synergy creation by the integration of banking and insurance sectors, it suggests a number of areas for further research:

1. Except the objectives chosen for the present study, a study on other objectives can be done
2. Study on different geographical regions with different banks in public and private sector can be done
3. Study can be done on different variables with the same concept
4. Research can be done on Profit prior and after bancassurance implementation
5. Cost and return in executing bancassurance is also one of the important topics which can be done in the future.

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Research Questionnaire for Banks

Dear Respondents,

Myself, Nikki Kumari, I am conducting a research survey on the topic entitled “**A study on functional synergy created by the integration of Banking and Insurance sectors**”. The study tries to understand challenges faced and benefit gained by banks and Insurance companies in implementing bancassurance. The information provided by you will be used strictly for research purpose only. Any information you provide would be strictly kept confidential and would not be shared with anyone. Hence, request your frank and honest opinions to the questions in the survey. Anticipating your cooperation and thanking you.

Section I: Personal information of the Respondents

1	Name of the respondents:			
2	Gender:			
3	Age in Years			
4	Designation:			
5	Bank Name:			
6	Locality of the bank	Urban	Semi-Urban	Rural
7	Type of Bank	Public		Private

Section –II: Please tick (√) the numbers which best describe your opinion on the following statements:

1. To what extent the concept of Bancassurance being practiced in your bank
 - a. Not at all ()
 - b. partially ()
 - c. Significantly ()
 - d. Completely ()

2. Which insurance company is your Bancassurance partner?
 - a. Life Insurance ()
 - b. Non-Life insurance ()

3. How many insurance company’s products do you sell?
 - i. 1-3 ()
 - ii. 4-6 ()
 - iii. More than 6 ()

4. Who deals with Bancassurance services of your Branch?
 a. Bank employee / Bank Manager ()
 b. Bank and Insurance Representatives ()
5. How frequently does the Bank employees deals with the Customers for Bancassurance
 a. Daily () b. Weekly () c. Monthly () d. As and when required ()

Please tick (√) the numbers which best describe your opinion on the following statements:

Codes	Statements	H.I- Highly Important	I-Important	N-Neutral	LI- Less Important	NI-Not at all Important
		5	4	3	2	1

Section –III: Motivational Factors for Bancassurance inclusion in Banks

Competition Factor		HI-5	I-4	N-3	LI-2	NI-1
1	A large customer database helps to overcome competition					
2	Untapped and uninsured population provides opportunity for bancassurance					
3	Insurance awareness among bank customers and demand for insurance products					
4	Banks can provide better range of financial services					
5	Used as a hedging tool against margin decline on traditional banking products					

Professional staff		HI-5	I-4	N-3	LI-2	NI-1
1	Bank image as a trustworthy and reliable financial provider					
2	Image of the staff as a financial advisor helps to implement bancassurance					
3	Banks service-oriented culture create trust in the customers mind					
4	Well trained huge staff can be employed successfully					
5	Financial language and terminology familiarity of the staff helps for easy implementation					

Large Customers Database		HI-5	I-4	N-3	LI-2	NI-1
1	Large data base of the retail and corporate customers creates motivational factor for insurance inclusion					
2	Bank staff are aware about the financial needs of the customers					
3	Financial position and financial requirement of customers helps to design customized products					

Customers Acquaintance Factors		HI-5	I-4	N-3	LI-2	NI-1
1	Personal and face to face acquaintance with customers make easy for bancassurance implementation					
2	Strong relationship and good rapport with customers					
3	Personalized services to every customer can be provided					
4	High volume of customers contact in a short period of time will be favorable to bank					

Infrastructural Factor		HI-5	I-4	N-3	LI-2	NI-1
1	Less requirement of additional capital for insurance selling					
2	Fee income is a source of risk-free income					
3	Along with other banking products insurance can be sell easily-One stop shopping for financial products					
4	Already existing marketing and processing capabilities of the bank makes it less complicated to bancassurance implementation					

Network /Geographical factor		HI-5	I-4	N-3	LI-2	NI-1
1	Banks have multiple communication channel					
2	Banks uses multiple promotional tool					
3	Wide geographical area coverage helps in tapping middle and lower income group					
4	Overall branch modernization and computerization will be used for insurance promotion also					

Section –IV: Benefits Perceived from bancassurance

Cost Synergy		HI-5	I-4	N-3	LI-2	NI-1
1	Low-cost channel as already existing data used					
2	Cost synergies due to efficient utilization of data base					
3	Promotional and administrative cost will be low					
4	Low database management cost					
5	Numerous opportunities to cross sell financial products					

Financial Synergy		HI-5	I-4	N-3	LI-2	NI-1
1	Long term insurance contracts generate long term revenue for bank					
2	Sources of fixed, additional, risk free, fee-based income					
3	Improved asset management and increase return on assets					
4	Revenue generation by selling complimentary products					
5	Increase in profitability					
6	Less reliance on traditional products					

Product diversification and brand image synergy		HI-5	I-4	N-3	LI-2	NI-1
1	Source of product diversification					
2	Helps banks to diversify the products					
3	Product diversification helps in improved ratings to banks					
4	Build Rapports which in turn strengthens the bank brand					

Optimization and enhanced productivity		HI-5	I-4	N-3	LI-2	NI-1
1	Banks excess workforce can be diversifying					
2	Optimum manpower utilization					
3	Enhances employee's productivity					
4	Selling of bundled/ complimentary products creates better credit risk management					

Customer's retention and satisfaction		HI-5	I-4	N-3	LI-2	NI-1
1	Broader relation leads to less customers switching					
2	Availability of quality and quantity information helps in better targeting of customers					
3	Increase share of customers wallet					
4	Satisfaction of risk related needs of the customers					

Section V: Problems realized by banks in functioning of Bancassurance services

Note: NAO- Not at all occurs, UNO-Usually not occurs, N- Neutral, SO- Seldom occurs, UO- usually occurs

Particulars		NAO- 5	UNO- 4	N- 3	SO- 2	UO- 1
1	Conflict of interest between bank and insurance staff					
2	Inherent conflict (customer's unsatisfied with insurance services may leave the banking services also)					
3	Low service of insurance company will affect bank reputation					
4	Products cannot be tailored made – inflexibility of products					
5	Difficulty in selling complex products					
6	Differences in selling approaches					
7	Lack of incentives remains a major barrier in motivating customers					
8	Bank employees resist to change					

Section VI: Problems realized by Bank employees in functioning of Bancassurance services. Factors affecting in selling insurance products

Particulars		NAO- 5	UNO- 4	N- 3	SO- 2	UO- 1
1	Lack of trust in private insurance companies makes insurance selling difficult					
2	Unlike agency channel no extra advantage(commission) is offered to customers					
3	Products cannot be customized					
4	It becomes difficult to convert a lead in the absence of specialized person, in case of complex products					
5	Shatters in customers confidence on account of delay in processing of applications for claim settlement					
6	Lack of networking in bank and insurance offices creates problems					

Section VII: Changes after Bancassurance Adoption

Note: SA- Strongly agree, A-Agree, N- Neutral, DA- Disagree, SDA- Strongly disagree

Changes after Bancassurance Adoption

Particulars		SA- 5	A- 4	N- 3	DA- 2	SDA- 1
1	Increase in number of customers of bank					
2	Reduction in customers complaint					
3	Increased productivity of employees and branch					
4	Better targeting of customers through quality and quality					
5	Surplus workforce diversion					
6	Cost synergy due to more efficient utilization of database					
7	Enhanced customers satisfaction and customers confidence					
8	Leverage on administrative, marketing and operating cost					
9	Reduction on reliance on traditional source of income					
10	Leverage on numerous contact opportunities to cross sell insurance products					

Section VIII: Please rate the overall effectiveness of Bancassurance practice in your bank

Highly Ineffective	Ineffective	Satisfactory	Effective	Highly effective

Thank you

Research questionnaire For Insurance Company employees

Dear Respondents,

Myself, Nikki Kumari, Iam conducting a research survey on the topic entitled **“A study on functional synergy created by the integration of Banking and Insurance sectors”**. The study tries to understand challengesfaced and benefit gained by banks and Insurance companies in implementing bancassurance. The information provided by you will be used strictly for research purpose only. Any information you provide would be strictly kept confidential and would not be shared with anyone. Hence, request your frank and honest opinions to the questions in the survey. Anticipating your cooperation and thanking you.

Section I: Personal information of the Respondents

1	Name of the respondents:			
2	Gender:	Male ()	Female ()	
3	Age in years:			
4	Designation:			
5	Insurance Company Name:			
6	Locality of the Insurance Company	Urban	Semi Urban	Rural
7	Type of Insurance	Public		Private

Section –II: Please tick (√) the numbers which best describe your opinion on the following statements:

1. Are you involved with Bancassurance?

i. Yes ()

ii. No ()

2. If yes, with how many banks does your insurance company have tie-ups for insurance marketing

Particulars	Tick
Less than 5	
5-10	
10-15	
More than 15	

3. Through which of the following banks do you sell your insurance products?

Particulars	Tick	Particulars	Tick
State Bank of India		HDFC	
Syndicate bank		Allahabad Bank	
Canara bank		INGVysya Bank	
Vijaya Bank		Axis Bank	
ICICI Bank		Other (please specify)	

4. Please rate your top most five bancassurance partner

Particulars	Tick
SBI	
HDFC	
ICICI	
PNB MetLife	
Canara HSBC	
Max life insurance	
Star union Daichi life insurance	
Life Insurance Corporation of India	
Kotak Mahindra Bank	
Aviva	
Other (please specify)	

5. Which of the following life insurance products are sold by your bank partners?

Particulars	Tick	Particulars	Tick
Child plan		ULIP	
Retirement plan		Asset's creation plan	
Pension plan		Monthly income plan	
Money back plan		Other (please specify)	

6. Which of the following non- life insurance products are sold by your bank partners?

Particulars	Tick	Particulars	Tick
Health plan		Cattle insurance	
Vehicle insurance		Crop insurance	
Home loan insurance		Accident insurance	
Liability coverage insurance		Other (please specify)	

Instructions: Please tick marks (√) the numbers which best describe your opinion on the following statements:

Note: SDA-Strongly Disagree DA-Disagree N-Neutral A-Agree SA-Strongly Agree

7. Which of the factors considered in targeting bank to distribute insurance products?

Particulars		SDA	DA	N	A	SA
		1	2	3	4	5
1	Bank asset size					
2	Successful experience in insurance selling					
3	Bank customers demographic					
4	Good relationship with senior managers					
5	Well established insurance back office					
6	Number of bank branches					
7	Server Facilities					
8	Number of ATMs installation					
9	Geographical location					
10	Insurance is a part of the bank branch goal					

8. If banks consider you as a “Strategic Partner/provide multi-year contract per product line” what are the facilities will be extended by your company to sell insurance products

Particulars		SDA	DA	N	A	SA
		1	2	3	4	5
1	Amount of money spent on marketing will be increased					
2	Provide sales, marketing and management support					

3	Provide funds to build models to understand the demographic opportunities within bank					
4	Meeting for quarterly strategy and business plan					
5	For fully underwritten products underwriting concession					
6	Provide full time onsite trainer					
7	Continuous education training					
8	Provide technical and operational support					
9	Incentive trips from insurance company					
10	Provide dedicated home office support for underwriting and customer service					

9. Rate the importance of each of the following operational and administrative elements of an insurance company, in forming an optimal, functioning relationship between the bank and insurance company, also rate your satisfaction with your ability to provide

Particulars		Importance					Satisfaction					
		0	1	2	3	4	5	0	1	2	3	4
1	Banks are expertise in database management											
2	At the point of sales, insurance products are integrated into bank's procedure and systems											
3	Insurance companies provide solution to sales personnel of the bank											
4	Insurance provides training to sales personnel of the bank											
5	Administrative process of the insurance and bank sales personnel are integrated through electronic link											

10. Rate the extent to which you provide ongoing training to bank personnel for each of the following services and also rate the satisfaction with your ability to provide

Particulars		Importance					Satisfaction					
		0	1	2	3	4	5	0	1	2	3	4
1	Advance Underwriting training											
2	Back office											
3	Technical solution at sales point											
4	Counseling for referral process											
5	Continuing education											
6	Existing product											
7	New product											
8	Compliance											
9	Customer service											

11. Please rate the overall effectiveness of Bancassurance practice by your bank partner

Highly Ineffective	Ineffective	Satisfactory	Effective	Highly Effective

Thank you