

Research on Bancassurance from Investor's perspective

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Abstract: Kaur & et al. (2014) has right focused on world economy scenario through bankruptcy of banking and financial institution, death crisis in major economies of the world and euro zone crisis. Indian Banking system has been remarkable steps to maintain as well as expand the economy growth. The study tries to cover the bancassurance service and investor's perception about bancassurance features specially focused on Ahmedabad region. The data has been collected through questionnaire and statistical tools has been applied for data analysis. The findings of the study say that investment in bancassurance and no. of family members are dependent. There are differences for investment in bancassurance with respect to different demographic profile.

Keywords: Financial Sector, Indian banking Sector, Bancassurance

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I. Introduction

The financial sector is the interaction of markets and all therein, within a regulatory framework. This interaction usually entails lending and borrowing both long and short term. This is accomplished through financial intermediaries (banks and other financial institutions) providing a link between households, firms and governments in transferring funds from savers to borrowers, for consumption and investment purposes. A bank is a financial institution and a financial intermediary that accepts deposits and channels those deposits into lending activities, either directly by loaning or indirectly through capital markets. A bank is the connection between customers that have capital deficits and customers with capital surpluses. Due to their influence within a financial system and the economy, banks are highly regulated in most countries.

The term Bancassurance is coin of two words – Banks and Insurance. Bancassurance is product to sell insurance products under the same roof of a bank. Though bancassurance had roots in France in the 1980s, and spread across different parts of Continental Europe since, it has spread its wings in Asia – in particular, in India. In India, there are a number of reasons why bancassurance could play a natural role in the insurance market. First, banks have a huge network across the country. Second, banks can offer fee-based income for the employees for insurance sales. Third, banks are culturally more acceptable than insurance companies. Some bank products have natural complementary insurance products. For example, if a bank gives out a home loan, it might insist on a life insurance cover so that in case of death of the borrower, there is no problem in paying off the home loan. Similarly, a car loan could only be given if comprehensive auto insurance is taken out on that particular car.

II. Literature Review

Basabi Deb (2013) has found that since past couple of years, India has achieved a significant growth in the insurance sector offering the market more choice, better service, quicker settlement, tighter regulations and greater awareness. The specific parameters based on the purchasing decision of the consumers lead a company for acquiring the top rank with a huge market share. The study had identified the certain buying behavior of customers for improving market of bancassurance. **Venkatesh U. Rajput (2013)** had done research on bancassurance- a term coined by combining the two words banks and insurance. The study had analyses banking sector through descriptive research. The SWOT analysis had applied to identifies the certain improvement points for the growth of bancassurance. **Utkarsh Tiwari (2013)** examined that now a day's banking sector plays a very important role in human life, banks motivate human to make saving money for their future. It provides number of facilities to the people; banking service has become a need of the society. As we know that in this 21st century every sector have a great challenges i.e customer satisfaction, and being a part of the society banks also facing this challenges, and banks are accepting challenges very nicely for the betterment of service banks are providing innovative services to the customer so that they can get proper benefit in this sector. **Rebeena Alavudeen and Dr. Rosa (2015)** had focused on growing role of bancassurance in banking sector. The present

empirical based study was conducted with an objective to examine the recent trends of bancassurance and to analyses the marketing and distribution channel of insurance, its impact on insurers, customers and banking sector and also to examine the issues and problems of bancassurance. The study has identified that there is bright future of bancassurance in the Indian insurance market. **Brar & Singh (2016)** explained about the diversification in banking services and how bancassurance is innovative product in banking services. With the innovative product, i.e. bancassurance, both banking and insurance companies are boosting their revenues. The biggest strengths of banks, like huge branch network, customer loyalty, brand name etc. are serving in making the same possible. The study states that there is a significant positive relationship between bank branch network and bancassurance and also the bancassurance income, in comparison to the total income of the bank, is very much negligible.

III. Research Methodology

- **Problem Statement of the Study:**
Banking sector in India is growing and now days in competitive market banks must do innovation in services. The study tries to analyses the bancassurance and customer’s perception about the services.
- **Research Objective:**
To study the investors perception about bancassurance of selected banks in Ahmedabad region.
- **Hypothesis:**
H₀1: The investors invest in bancassurance and No. of family members of investors are independent.
H₀2: There is no significance difference for investment in bancassurance among different age group/ literacy level / occupation.
H₀3: There is no significance difference between investor’s occupation and perception for bancassurance characteristics.
H₀4: There is no difference for investment in bancassurance among different gender.
- **Data Collection:**
Primary data:
Primary data was collected through questionnaire from customers of banks in Ahmedabad region.
Secondary data:
Research paper, websites, provided with information on the topic.
- **Research Design:**
Sampling Method: Non-probability Convenience Sampling
Research Tool: Questionnaire
Target Population: The population consist of the investors in insurance policies which provided by selected banks in Ahmadabad region.
Sampling Unit: Customers who take insurance from top five selected banks of Ahmadabad region.
Sample Size: The sample contained 384 customers.
Analysis Tool: Statistical tools (Chi-square Test, One-way ANOVA, Mann-Whitney U)

IV. Data Analysis And Interpretation

The data has been collected from the customers of banks in Ahmedabad region. For the data analysis, chi-square test, one-way ANOVA and Mann-Whitney u test applied.

Chi-square Test

H₀: The investors invest in bancassurance and No. of family members of investors are independent.

H₁: The investors invest in bancassurance and No. of family members of investors are dependent.

Dependent variable	Independent variable	Significant value	Accepted/ rejected
Investment in bancassurance policies	No. of family members	0.000	Rejected*

(* significant at significance level 5%)

INTERPRETATION:

From the above table it has been identified that the p value < 0.05 (0.000), which states that the H₀ is rejected and H₁ will be accepted. So it can interpret that the amount of investment in bancassurance is depend upon the no. of family members of investors.

One-way ANOVA

H₀: There is no significance difference for investment in bancassurance among different age group/ literacy level / occupation.

H₁: There is significance difference for investment in bancassurance among different age group/ literacy level / occupation.

Dependent variable	Independent variable	Significant value	Accepted/ rejected
Investment in bancassurance policies	Age Group	0.000	Rejected*
Investment in bancassurance policies	Literacy level	0.000	Rejected*
Investment in bancassurance policies	Occupation	0.000	Rejected*

(* significant at significance level 5%)

INTERPRETATION:

The one-way ANOVA has applied to check that there is difference for investment in bancassurance by taking age Group, literacy level and occupation. The p value of all three variables is 0.000 which is less than 0.05. so all the three H₀ are rejected. It shows that the alternate hypothesis is accepted. There is difference between investor’s age group, literacy level, occupation and investment in bancassurance policies. The investment in bancassurance policies in different age group, at different literacy level and at different occupation are not equal.

H₀: There is no significance difference between investor’s occupation and perception for bancassurance characteristics.

H₁: There is significance difference between investor’s occupation and perception for bancassurance characteristics.

Statements	Sig.	Accepted/ Rejected
I am able to get more information	.000	Rejected*
I can get more benefit	.007	Rejected*
Different opportunities as per investment criteria	.000	Rejected*
Good claim settlement	.000	Rejected*
Extra beneficial plans	.141	Accepted*
Easy operation	.168	Accepted*
Convenient for remote area people for investment	.004	Rejected*
More trustworthy	.000	Rejected*
Good consultancy	.001	Rejected*
Convenience to reach	.003	Rejected*

(* significant at significance level 5%)

INTERPRETATION:

From the above table, It can be interpreted that the significance value which is more than 0.05 will be accepted and less than 0.05 will be rejected. So from the above table it has been identify that there is no significant difference between the investors in different occupation and the investors who perceive that bancassurance provide more beneficial plans and its easy to operate.

On the other hand, the investors of different occupation are significantly different on some criteria like banks provide more information, more benefits, more opportunities, good claim settlement, convenient to reach, beneficial in remote areas, more trustworthy and it can provide good consultancies.

From this analysis, the study reveals that the investors having different occupation are perceiving differently for bancassurance facilities.

Mann-Whitney U Test

H₀: There is no difference for investment in bancassurance among different gender.

H₁: There is no difference for investment in bancassurance among different gender.

Particular	Investment in Bancassurance
Asymp. Sig. (2-tailed)	0.026

INTERPRETATION:

From the above table, we can analyze that the p value < 0.05, so the null hypothesis will be rejected and alternate hypothesis is accepted. So, we can interpret that there is difference between male and female for investment in bancassurance as they have different mean. The investment criteria for bancassurance in both the gender is not same.

V. Conclusion And Future Scope Of Research

Banking industry in India plays a vital role. In 21st century, the Indian banking sector has evolved their role and services to capture the more market and satisfied the customers. Bancassurance is one of the product which derives from banking and insurance services. The study has tries to focus on customer’s perception regarding different features of bancassurance. Investment in bancassurnace has difference with different demographic profile of customer’s. From the data it has been identified that investment in bancassurance and no. of family members are dependent to each other. The mean score of investment in bancassurnace has difference among different age group, literacy, occupation and gender. The study has identified that there is scope for capture more market related to investment in bancassurance.

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