

# Analyzing the Impact of Time Period on Customers' Satisfaction Level from Bancassurance Services in Banks

**Dr. Arti Gaur**

Assistant Professor, Department of Business Administration, CDLU, Sirsa, (HRY), India

Email - artigaur2009@gmail.com

**Abstract:** Bancassurance, which basically involves banks acting as corporate agents for insurers to distribute insurance products, has evolved as a strong distribution channel in many countries. Through this paper, an attempt has been made to trace the level of customers' satisfaction from bancassurance services in public and private sectors banks of Haryana. This paper explored the impact of time period on the performance parameters, customers' satisfaction parameters and problem parameters affecting the customers' satisfaction level from bancassurance services. The relevant data in this regard has been analyzed with help of ANOVA. The results of the study have been interpreted on the basis of such analysis. The results showed that time period have significant impact on customers' satisfaction level from bancassurance services in the public and private sector banks.

**Key words:** Bancassurance, Customers' Satisfaction, Parameters, Public and Private Banks.

## 1. INTRODUCTION:

'BANCASSURANCE' as term itself clears the meaning. It's a combination of the term 'Bank' and 'Insurance'. It means that insurance companies have started selling their products through banks. It's a new concept to Indian financial market but it is very widely used in western and developed countries. A sound and effective banking system is needed for a healthy economy. Qualitative bancassurance services indicate the betterment of banking system. The motives behind bancassurance also differ. For banks, it is a means of product diversification and a source of extra fee income. For Insurance companies, bancassurance is an instrument for increasing their market penetration and premium turnover. For customer, bancassurance is a bonanza in terms of lower price, high quality product and delivery at doorsteps. In fact, everybody can be a winner here.

Bancassurance (BMI) is a long-standing dream of recommending a seamless service of banking, life and non-life products. India is the one of the most populous country in the world with a vast potential for insurance companies. Banks with over 65,000 branches and 65% of household investments are the backbone of the Indian financial market. In India, there are 75 branches per million inhabitants. Clearly, that's something insurance companies - both private and state-owned - would find nearly impossible to attain on their own. The insurance industry has at last woken up from its long slumber to an altogether new awakening. It is the rise of a new dawn that has fetched with it opportunities galore. From innumerable insurers, to affordable and quality covers for the consumer, from boost in distribution channels to incorporating information technology measures, from net selling to bringing about increased transparency - it's all there. Increase in distribution channels has among others also seen the concept of bancassurance taking roots in India, and it is emerging to be a viable solution to mass selling of insurance products.

Bancassurance permits the insurance company to maintain smaller direct sales teams as their products are sold through the bank to bank customers by bank staff and employees as well. Bank staff and tellers, rather than an insurance salesperson, turn out to be the point of sale and point of contact for the customer. Bank staff are directed and supported by the insurance company through product information, marketing campaigns and sales training. The insurance company and the bank share the commission. Insurance policies are developed and administered by the insurance company. This partnership arrangement can be gainful for both companies. Banks can earn additional revenue by selling the insurance products, while insurance companies are able to expand their customer base without having to enlarge their sales forces or pay commissions to insurance agents or brokers.

Bancassurance is the most popular in Europe as the simplest way of distribution of insurance products through the banks. It is basically selling insurance products and services by leveraging the vast customer base of a bank and fulfilling the banking and insurance needs of the customers at the same time. It takes the various forms depending upon the demography, economic and legislative climate of the country, while demographic climate will determine the kinds of insurance products, economic climate will determine the trends in terms of turnover, market shares etc. However Bancassurance is relatively a new term for Indian financial markets.

## 2. REVIEW OF LITERATURE:

**Suthanan (2000)** brought light to the drawbacks of insurance sector, especially of the LIC of India, in the form of low supply of investment, pension and health care products in comparison to their demand. The pace of penetration of the Corporation is low in comparison to its competitor's. Non-availability of customer friendly products, high premium, and miss-management of assets; low investment yield and low consumer satisfaction are the main factors causing inefficiency in the Corporation which must be eradicated to face the challenges of liberalization.

**Pask (2003)** inspected that Bancassurance will succeed only if tailored to the local environment. He suggested that for a successful bancassurance banks and insurers have compatible strengths and weaknesses. If not carefully managed, the overlap can cause conflict and the success of bancassurance ultimately rests on implementation.

**Rajkumari (2008)** examined the awareness, satisfaction and preferences of customers towards various Insurance services and bancassurance. The study has been undertaken by the researcher in order to identify the customer's attitude towards purchase of insurance products and also their knowledge on the banc assurance formats available through banks. He also gave suggestions to improve customer awareness on banc assurance and performance of banks in selling insurance policies.

**Fan, Lee and Tang (2011)** tried to find the answer of question of why bank customers decide to cross-buy and to enhance their relationship with a bank. They found the factors that affect intention of cross-buying insurance in banks and also identify the resulting degree of satisfaction of these factors. Factors of cross-buying intention, such as image, service convenience, interpersonal relationships, and trust are rated as important with a high level of performance, and management has to maintain the performance with respect to these factors to sustain the resultant competitive advantages.

**Panda and Mishra (2012)** evaluated the trend of investment and analyzed the segment wise investment and management towards achievement of corporate objective. This study helped in understanding the new strategies, policies and roadmaps which can effectively help in achieving the main objectives of an organization through appropriate management.

**Gonulal (2012)** conducted research at Mexican insurance market. Bancassurance has been used both by insurance companies that belong to financial groups and by other insurers. Both have taken advantage of the interface offered by the banking infrastructure to reach a large number of clients. The large participation of bancassurance in the insurance policies issued indicates an important potential for growth in most lines of business. Although traditional channels are still the main mechanism of insurance distribution, sales through bank branches are a market practice that represents a distribution channel with a high potential to increase market penetration, being able to reach population segments in Mexico that still remain with little or no access to insurance products.

## 3. RESEARCH METHODOLOGY:

The research is conducted to study the factors indicating customer satisfaction regarding bancassurance channel with respect to public and private bancassurance customers, a survey was conducted on 400 respondents of Haryana, to know the level of customer satisfaction towards buying insurance products from bancassurance. To study the customers' satisfaction regarding Bancassurance as a medium of insurance distribution, a non – disguised questionnaire has been made comprising all relevant statements from all aspects of the study. A judgment sample of 400 customers had been taken from different cities of Haryana dealing with the selected banks. For this study ten banks are selected in which five are public sector banks and five are private sector banks. The selected public sector banks are State Bank of India, Bank of Baroda, Punjab National Bank, Bank of India, Canara Bank and selected private sector banks are HDFC Bank, .ICICI Bank, Kotak Mahindra Bank, Axis Bank, Yes Bank. The analysis of data has been done using statistical techniques like Mean, Standard Deviation and ANOVA etc.

## 4. OBJECTIVES OF THE STUDY:

1. To analyze the impact of time periods on the performance parameters affecting customers' satisfaction level from bancassurance services.
2. To analyze the impact of time period on the customers' satisfaction level from bancassurance services.
3. To analyze the impact of time period on the problem parameters affecting customers' satisfaction level from bancassurance services.

## 5. HYPOTHESIS OF THE STUDY:

**H<sub>01</sub>:** There is no significant impact of time periods on the performance parameters affecting customers' satisfaction level from bancassurance services.

$H_{02}$ : There is no significant impact of time period on the customers' satisfaction level from bancassurance services.

$H_{03}$ : There is no significant impact of time period on the problem parameters affecting customers' satisfaction level from bancassurance services.

## 6. DATA ANALYSIS:

### Impact of Time Period on the Performance Parameters Affecting Customers' Satisfaction Level from Bancassurance Services

Performance Parameters	F	Sig.
2.1 Bancassurance services make the insurance policies convenient	.184	.832
2.2 Bancassurance services increase the trustworthiness of customer	3.833	.022*
2.3 Brand Image promotes the bancassurance services	.097	.908
2.4 Insurance policies are easily accessible through route of bancassurance	2.167	.116
2.5 Bancassurance provides quality services	2.319	.100
2.6 Bancassurance is used as sales promotion tool	4.203	.016*
2.7 Bancassurance lower the administration cost per insurance contract	.299	.742
2.8 Bancassurance reduce the time of product innovation	.534	.587
2.9 Marketing partnership improves the service quality of bancassurance	.578	.562
2.10 Bancassurance provides multi products under one roof	.811	.445

\*Significance at 5% level

Source - Survey Data

For analyzing the impact of time periods on the performance parameters affecting customers' satisfaction level from bancassurance services, ten factors were being studied and out of these factors, two factors were found significant in table 4.1.1. Therefore, the null hypothesis  $H_{01}$  is rejected and it means that there is significant impact of time period on the factors affecting customers' satisfaction level from the performance of bancassurance services in the public and private sector banks.

**Table 4.1.2: Descriptive Table showing Impact of Time Period on the Performance Parameters Affecting Customers' Satisfaction Level from Bancassurance Services**

Factors	Below 5 years		5 to 10 years		Above 10 years	
	Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation
2.2 Bancassurance services increase the trustworthiness of customer	3.3021	1.36204	3.6914	1.14805	3.6822*	1.10386**
2.6 Bancassurance is used as sales promotion tool	3.2604	1.41603	3.4171	1.14608	3.7054*	1.04883**

\*A high mean score shows high agreement with corresponding Likert statement.  
A low mean score shows low agreement with corresponding Likert statement.

A high standard deviation shows that the data is widely spread (less reliable).  
\*\*A low standard deviation shows that the data is clustered closely around the mean (more reliable).

As shown in table 4.1.2, customers who own the plans of time period above 10 years have highest agreement with the parameters 'Bancassurance services increase the trustworthiness' and 'Bancassurance is used as sales promotion tool' as compared to other time period plans. Standard deviation for these two factors is also lowest which reveals that responses for these factors are concentrated around the mean and data is more reliable.

**Table 4.2.1: Impact of Time Period on the Customers’ Satisfaction Level from Bancassurance Services**

Customers’ Satisfaction Parameters	F	Sig.
3.1 Bank Provides policy details to the customer	2.777	.063
3.2 Amount of premium is affordable for customer	.076	.926
3.3 All details of insurance benefits are provided to customer	5.361	.005*
3.4 Bank Staff Behavior is satisfactory acceptable for the customer	.478	.620
3.5 Due attention is paid by the bank staff regarding customers’ complaints	2.169	.116
3.6 Information of benefits is timely disbursed to the customer	7.156	.001*
3.7 There is provision of loan facility against policy is provided to customer	5.802	.003*
3.8 Information about recontination of lapsed policy is given to the customer	1.609	.201
3.9 There is provision of providing updated information to the customer	2.657	.071
3.10 There is regular and timely intimation of payments is supply to the customer	1.797	.167

\*Significance at 5% level

Source - Survey Data

For considering the impact of time period on the customers’ satisfaction level from bancassurance services, ten factors were being studied and out of these factors, three factors were found significant in table 4.2.1. If there is significance difference then it simply mean that time period of the policy effect the satisfaction level of customers from bancassurance services. Therefore, the null hypothesis  $H_{02}$  is rejected and it means that there is significant impact of time period on the factors affecting the levels of customer satisfaction from bancassurance services in the public and private sector.

**Table 4.2.2: Descriptive Table showing Impact of Time Period on the Customers’ Satisfaction Level from Bancassurance Services**

Factors	Below 5 years		5 to 10 years		Above 10 years	
	Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation
3.3 All details of insurance benefits are provided to customer	3.0000	1.50787	3.5257*	1.15876**	3.3023	1.21581
3.6 Information of benefits is timely disbursed to the customer	2.8333	1.27871	3.4000*	1.05045**	3.1395	1.29146
3.7 There is provision of loan facility against policy is provided to customer	3.3438	1.24671	3.5257*	1.06035**	3.0620	1.26090
<p>*A high mean score shows high agreement with corresponding Likert statement. A low mean score shows low agreement with corresponding Likert statement.</p> <p>A high standard deviation shows that the data is widely spread (less reliable). **A low standard deviation shows that the data is clustered closely around the mean (more reliable).</p>						

The table 4.2.2 shows the mean score and standard deviation of impact of time period on the customers’ satisfaction level from bancassurance services. The satisfaction level of customers who own the plans of time period 5 to 10 years

have highest agreement with the factors ‘all details of insurance benefits are provided to customer’, ‘information of benefits is timely disbursed to the customer’ and ‘there is provision of loan facility against policy is provided to customer’ as compared to other time period plans. Standard deviation for these three factors is also lowest which reveals that responses for these factors are resolute around the mean and data is more reliable.

**Table 4.3.1: Impact of Time Period on the Problem Parameters Affecting Customers’ Satisfaction Level from Bancassurance Services**

Factors	F	Sig.
4.1 Absence of posters and communication on bancassurance	4.636	.010*
4.2 Absence of brochure on bancassurance policies, rules and procedures	4.112	.017*
4.3 Lack of updates on product knowledge, product training and product awareness	3.244	.040*
4.4 Lack of interest and motivation among bank staff in promoting bancassurance	3.225	.041*
4.5 Lack of details of bancassurance at contact point counters like advances, fixed deposit counters and new account opening counters	8.346	.000*
4.6 Corporate clients do not entertain the customer after sale the products	2.539	.080
4.7 The rates of premium for bancassurance are not competitive	.482	.618
4.8 Corporate clients give wrong information to sale their products	6.192	.002*
4.9 Absence of new product, better technology and diversified insurance product for car, house and property	.845	.430
4.10 Acknowledgment kit is timely delivered to the customers	.676	.509

\*Significance at 5% level

Source - Survey Data

For studying the impact of time period on the problem factors affecting customers’ satisfaction level from bancassurance services were being studied and out of these factors, six factors were found to have significant impact, which is shown in above table-4.3.1. Consequently, the null hypothesis  $H_{03}$  is rejected and it means that there is significant impact of time period on the problem factors affecting customers’ satisfaction level from bancassurance services in the public and private sector banks.

**Table 4.3.2: Descriptive Table showing Impact of Time Period on the Problem Parameters Affecting Customers’ Satisfaction Level from Bancassurance Services**

Problem Parameters	Below 5 years		5 to 10 years		Above 10 years	
	Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation
4.1 Absence of posters and communication on bancassurance	3.1562	1.21680**	3.3314*	1.20530	2.8915	1.31838
4.2 Absence of brochure on bancassurance policies, rules and procedures	3.3684*	2.45406	3.3600	1.14048**	2.8682	1.36003
4.3 Lack of updates on product knowledge, product training and product awareness	3.1250	1.37840**	3.2686*	1.24193	2.8915	1.24524
4.4 Lack of interest and motivation among bank staff in promoting bancassurance	3.2500*	1.42902	3.0686	1.22516**	2.8140	1.30365

4.5 Lack of details of bancassurance at contact point counters like advances, fixed deposit counters and new account opening counters	3.4479*	1.18650	3.2800	1.11231**	2.8450	1.25281
4.8 Corporate clients give wrong information to sale their products	3.7292*	1.26057	3.2229	1.13033	3.4729	1.08309**
<p>*A high mean score shows high agreement with corresponding Likert statement. A low mean score shows low agreement with corresponding Likert statement.</p> <p>A high standard deviation shows that the data is widely spread (less reliable). **A low standard deviation shows that the data is clustered closely around the mean (more reliable).</p>						

The table 4.3.2 expresses the mean score and standard deviation of impact of time period on the problem factors affecting customers' satisfaction level from bancassurance services. It is observed that mean score of plans of short and medium time period is higher than the longer time periods plans. It indicates that customers face more problems in short time period plans as comparison to long time period plans. The standard deviation (SD) of short and medium time periods plans is lowest which reveals that responses for these factors are resolute around the mean and data is more reliable.

## 7. CONCLUSION:

To conclude, one can say that time period of insurance product have important impact on satisfaction level of customers. Time period of policies also plays a significant role in satisfaction level of customers. The customers those have long term policies are entertain by banks employees in better than customers those have short and medium term policies. It is also observed in the study that customers face less problems in long term policies as comparison to short term policies. This is the reason customers of long terms policies have higher satisfaction level. To be fruitful, it is vital for bancassurance to ensure that banks must be able to satisfy the customers to retain the customer for long time.

## REFERENCES:

1. Suthanan, M. : Changing Face of Indian Insurance, *Indian Express*, pp 33-40. (2000)
2. Adrian R. Pask. : Is An Associate Actuary At Milliman In Windsor, *News Direct Newsletter*, p 43, (2003),
3. Rajkumari, M; "A Study on Customer's Preference Towards Insurance Services And Bancassurance", *ICFAI Journal of Risk and Insurance*, pp 43-50, . (2008)
4. Fan, C., Lee,T., Tang, C., and Lee, H., : *African Journal of Business Management* Vol. 5(17), pp 7511-7515, 4 September, 2011, ISSN -1993-823, (2011)
5. Panda, L., and Dr. Mishra, B., : "Investment Management And LIC Of India : An Analytical Study of the Segment Wise Investment", *Journal Of Business Management , Commerce And Research*, Vol-I, No.3, March-2012 (ISSN: 2319-250x), pp 74-82
6. Gonulal,O.S., Goulder, N., and Lester, R. : Bancassurance: A Valuable Tool for Developing Insurance in Emerging Markets, *Policy Research Working Paper*, pp 61-96. (2012)