PERCEPTION AND AWARENESS OF BANCASSURANCE: A STUDY OF PUBLIC AND PRIVATE SECTOR BANKS IN PUNJAB

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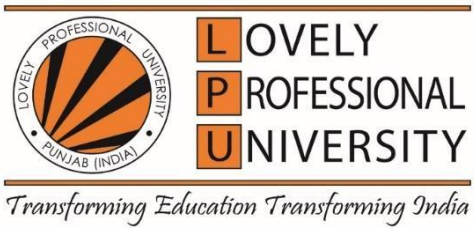

LOVELY PROFESSIONAL UNIVERSITY, PUNJAB
2024

DECLARATION

I, hereby declared that the presented work in the thesis entitled "Perception and Awareness of Bancassurance: A Study of Public and Private Sector Banks in Punjab" in fulfilment of degree of **Doctor of Philosophy (Ph. D.)** is outcome of research work carried out by me under the supervision of Dr. Pooja Kansra, Professor and Head of Department of Economics, Mittal School of Business of Lovely Professional University, Punjab, India. In keeping with general practice of reporting scientific observations, due acknowledgements have been made whenever work described here has been based on findings of other investigator. This work has not been submitted in part or full to any other University or Institute for the award of any degree.

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CERTIFICATE

This is to certify that the work reported in the Ph. D. thesis entitled "Perception and Awareness of Bancassurance: A Study of Public and Private Sector Banks in Punjab" submitted in fulfillment of the requirement for the award of degree of **Doctor of Philosophy (Ph.D.)** in Commerce/Mittal School of Business, is a research work carried out by Diksha Verma, 41800873, is bonafide record of his/her original work carried out under my supervision and that no part of thesis has been submitted for any other degree, diploma or equivalent course.

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ABSTRACT

Bancassurance term means the joining of banking and insurance company providing same service i.e., insurance to the customers of banks. It has grown in different areas according to the demographic, legislative and economic state of the country. Present study is an attempt to examine the awareness, willingness and perception of the bank customers as well as challenges faced by bankers and the factors that motivated them for implementation of bancassurance in banks. The main focus of the study was on primary data whereas second-hand data was also used to draw inferences. IRDAI yearly published materials were used for collection of second-hand data and structured questionnaires were prepared for gathering first-hand information from five districts of Punjab: Amritsar, Jalandhar, Ludhiana, Patiala and Sangrur. The sample size of 536 respondents from customers of the bank and 40 respondents from employees of the bank was decided to be taken in the study. The analysis was performed with the use of data envelopment analysis, ARIMA, chi-square, exploratory factor analysis, confirmatory factor analysis, probit regression model and principal component analysis.

Using CCR and BCC model, it was found that SBI from public-sector banks and ICICI Bank from private-sector banks have performed better than all other banks if assuming constant returns to scale (CCR) in bancassurance business. However, when banks are assuming variable returns to scale (BCC), it was found that out of public sector banks, Punjab and Sind Bank and out of private sector banks, ICICI Bank and Dhanlaxmi Bank have performed better than all other banks in bancassurance business. SBI and PNB were found to be most efficient in terms of bancassurance income. Although, it was found that the SBI Bank has the huge potential to reduce its consumption of assets as well as number of branches. It was found that majority of the public sector banks observed positive TFP change which were majorly due to technical changes and scale efficiency changes. In private sector banks also, majority of the banks have shown positive TFP change during the last one decade majorly due to technical and scale efficiency changes. However, ICICI Bank was the only bank that observed TFP change due to efficiency, technicality,

pure technicality and scale efficiency. Bank of Baroda, Bank of India, Bank of Maharashtra, Indian Overseas Bank, Punjab National Bank, State Bank of India and Union Bank of India have shown growth in their bancassurance incomes and on the other side Canara Bank, Central Bank of India, Indian Bank, Punjab and Sind Bank and UCO Bank have predicted fall in their bancassurance income for the next three years. In private sector category, bancassurance income is going upward thus depicting growth in the upcoming three years for Axis Bank, City Union Bank, Federal Bank, Karur Vysya Bank, IDBI Bank and Yes Bank and on the other side depicting fall in income of Dhanlaxmi Bank, HDFC Bank, ICICI Bank, IndusInd Bank, Karnataka Bank, Kotak Mahindra Bank and South Indian Bank.

Analysis of awareness about bancassurance observed that most of the aware respondents were from private sector banks and from Amritsar district. However, an age-wise comparison found that respondents of 21-30 years were more aware than other age groups. Mostly Graduates were aware and the least aware respondents were those who had only primary level education. Through chi square analysis, it was found that the socio-demographic variables and awareness were found to be significantly associated with each other. Through EFA, it was found that factors that affected the awareness of respondents about bancassurance were monetary features, eligibility factors and post-policy factors. From the values of the composite indexes for the individual observations, average values were computed for each of the five districts. It was found that for awareness level about different features of bancassurance products, the leading districts were Amritsar and Jalandhar, while the lagging districts were Patiala and Sangrur.

A total of ten factors were explored affecting the perception of respondents. The factors were reliability, accessibility, misconception, assurance, formalities, compatibility with insurance agents, lack of trust on insurance agents, lack of quality service, one-stop-shop and transparency. All these factors taken together were capable of explaining 81.438 percent of the total variance. The results of CFA revealed that each of the items had a very strong linkage (generally at 0.1 percent probability level) with the corresponding latent variable thus confirming the factors

extracted.

For willingness to pay for bancassurance, it was observed from responses that maximum respondents were not interested in paying for it. The major reason for the non-willingness of respondents was unawareness. It was found that age group 51-60 years, primary level education, marital status and monthly income were not significant and thus had no effect on willingness to pay for bancassurance. Respondents from Jalandhar were more willing to pay for bancassurance as compared to Ludhiana district followed by Sangrur, Amritsar and Patiala. The young respondents were more willing to pay in comparison to old respondents. Respondents who were post-graduate were more willing to pay for bancassurance than those with primary and secondary level education. Respondents who were retired were significantly more willing to pay in comparison to respondents who were doing jobs and also respondents having accounts in public sector banks were more willing to pay for bancassurance in comparison to respondents from private sector banks.

Bankers indeed play an imperative role in the progress of bancassurance. Results found that banks primarily rely on direct contact with customers and advertisements as the modes to raise awareness about bancassurance. With the help of principal-component-analysis, it was found that the important factors that influence bankers for adopting bancassurance were increase in market share, untapped and uninsured population is covered, increase in bank's turnover, increase in profitability of the banks and reduction in NPAs. These five factors influence the bankers and motivate them to adopt bancassurance in their banks. On the other hand, the main challenges that were faced by bankers in selling bancassurance are increased competition with banks and insurance companies, tedious to convert bank customers into insurance customers of the bank, multitasking leading to frustration among bank employees and resistance to change among them.

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS

S. NO.	DESCRIPTION	ABBREVIATION
1.	Accessibility	ACCB
2.	Algemene Bank Nederland	ABN
3.	Amsterdamsche en Rotterdamsche	AMRO
4.	Associated Chambers of Commerce and Industry of India	ASSOCHAM
5.	Assurance	ASRC
6.	Banker, Charnes and Cooper	BCC
7.	Business	DBSN
8.	Central Government Health Scheme	CGHS
9.	Charnes, Cooper and Rhodes	CCR
10.	Compatibility with Insurance Agents	CMPT
11.	Compounded Annual Growth Rate	CAGR
12.	Family Type	FMLT
13.	Formalities	FRML
14.	Graduate	DQGR
15.	Home-maker	DHMK
16.	Hong Kong and Shanghai Banking Corporation	HSBC
17.	Industrial Credit and Investment Corporation of India	ICICI
18.	Insurance Regulatory and Development Authority	IRDA
19.	International Market Analysis Research and Consulting Group	IMARC
20.	Internet and Mobile Association of India	IMAI
21.	Lack of Quality Service	LQSR
22.	Lack of trust in Insurance Agents	LTRS
23.	Limited Liability Partnership	LLP
24.	Marital Status	MRST
25.	Misconceptions	MSCN
26.	Non-Banking Financial Company	NBFCs
27.	One Stop Shop	OSSP

28.	Post-Graduate	DQPG
29.	Primary Qualification	DQPM
30.	Reliability	RLBL
31.	Reserve Bank of India	RBI
32.	Root Mean Square Error of Approximation	RMSEA
33.	Scale Efficiency	SE
34.	Service	DSRV
35.	Strengths Weaknesses Opportunities and Threats	SWOT
36.	Total Factor Productivity	TFP
37.	Transparency	TRNS
38.	Type of Bank	WBAC
39.	Age group up to 20 years	DAG 1
40.	21-30 years of age	DAG 2
41.	31-40 years of age	DAG 3
42.	41-50 years of age	DAG 4
43.	51-60 years of age	DAG 5

CHAPTER I

INTRODUCTION

1.1 Insurance Sector in India

The Indian insurance sector has come a long way in terms of growth and development since the time when insurance businesses were regulated by the public sector (Radhika, 2012; Mannar, 2015). Insurance industry has relied on the public sector for a longer duration and has witnessed sluggish and uneven progress for those many years (Turkyilmaz et al., 2011; Pillai and Arumugan, 2023). A committee was made under the chairmanship of R.N. Malhotra in 1994 to examine the market conditions and implement the participation of private sector in insurance arena. It was found from the committee that only 22 percent were availing insurance and the rest were uninsured out of total strength of the country (Newar, 2013; Kumar, 2016; Agarwal, 2019). Various steps were initiated for improving insurance penetration among customers and also to accelerate the efficiency of insurers for overall growth of the industry (Maohamed et al., 2015). Thereafter, on the recommendations of IRDA in 1999 a bill was approved to reduce the restrictions and to allow the foreign players to enter Indian boundaries (Sinha, 2005; Kumaraswamy, 2012; Bhushan and Murtaza, 2014). More than 200 years old Indian insurance industry has witnessed several ups and downs (Shah and Chugan, 2018). The insurance industry has experienced considerable growth in terms of registered insurers, insurance premiums, number of policies and claims, etc. since its inception.

Insurance penetration and density are significant indicators of growth and development of insurance in the country (Rakshit, 2017; Shukla, 2018; Vimala and Alamelu, 2018). Nevertheless, rapid growth has been observed in the number of registered insurers and premiums underwritten (IRDA Annual Report, 2021-22) still, the penetration of insurance products amid the citizens of India is quite less. Irrespective of the extraordinary efforts for promotion of insurance in India like Jan-Dhan-Aadhar- Mobile policies, the nation has not performed well in this area. Various insurance schemes run by Indian Government including Atal Pension

Scheme and other schemes by the name of Pradhan Mantri have been introduced by the government in recent years

but the level of penetration is only 4.2 percent in comparison to a global penetration rate of 7.5 percent (Cafemutual, 2023). Insurance penetration in India was 4.2 percent in the year 2021-22 which was same as the previous year's penetration of 2020-21 which means no growth was reported in the year 2021-22 in penetration level. Globally if compared, as per 2021-22 survey, India was ranked at 27th position in terms of insurance penetration (IRDA Annual Report, 2021-22). Fortunately, the insurance density of India has shown consistent growth from 2001-02 to 2021-22 and globally India was ranked at 28th position in terms of density (IRDA Annual Report, 2021-22). Both of these metrics indorse that in both the terms discussed above Indian insurance sector is far behind other nations of the globe thus, even after so many years of its inception, future scope for development and growth is existing.

1.2 Why banks need to sell insurance products?

The Indian banking system with major banking networks in the world has experienced a series of restructurings in the past years such as disinvestment by government in public sector banks, deregulation of interest rates, intense participation of private sector in banking industry (Kohli, 1999; Choudhury, 2007; Sawant, 2011; Anbalagan, 2017). There was a time when General Bank of India and the Bank of Hindustan were the only banks in country, however, both of them are now defunct (Nippatlapalli, 2013; Jadoun, 2015; Krishna, 2015). Later on, State Bank of India along with other banks came into presence which was earlier named as Bank of Bengal (Aravind and Nagamani, 2013; Maity and Sahu, 2017). In 1947, the RBI was authorized with comprehensive powers and authorities to regulate Indian commercial banks. Thereafter, it was observed that the quality of assets and capital competence provided by Indian banks became quite smooth and transparent in comparison to other countries (Lymberpoulos et al., 2004; Grover and Bhalla, 2013; Kaur and Kaur, 2022).

Currently, there are more than 1,20,000 bank branches in India. Banks with their persistent reach to metro and non-metro places make it possible for them to not

only target the urban sector of nation but also consider all other sectors like rural sector or semi-urban sector. (Sinha, 2005; Karunagaran, 2006; Rajkumari, 2007) Still, penetrating the population through insurance has been an issue of concern in India (Nagaraja, 2015; Radhika and Satuluri, 2019; Routh et al., 2022). The decision of universalization of banking operations in India announced by the Narsimham Committee and the Khan Committee resulted in transforming both types of banks from traditional culture of earnings from accepting and depositing of funds to offering several products to their existing customers through its dispersed branches (Banerjee, 2009; Pal, 2013; Abey, 2016).

After the entry of private as well as foreign banking companies with their innovative omni channels in banking sector, customers have become more demanding in terms of their services (Raghavan and Pai, 2021). Therefore, banks need to offer their goods and services in a way to approach customers more attractively (Wenninger, 2000; Temelkov, 2018). When several products are offered to the customers under one roof, it subsequently converts a branch into a wonderful destination for financial services for its customers (Karunagaran, 2006; Kumaraswamy, 2012). To compete in the market, banks are diversifying their services from earning interest income from lending and borrowing to inclusion of more dynamic and competitive offerings like underwriting of shares, equities, leasing, financing etc. (Karungaran, 2006; Hatt et al., 2018; Jing et al., 2021). Therefore, providing insurance is an additional service like various other services that is a natural consequence and is also acceptable by bankers as well as insurers (Saidenberg and Strahan, 1999; Block et al., 2008). It becomes convenient for banks with their large client base and huge network to target customers for insurance services and also for insurers, it is an opportunity to fetch the customers efficiently (Dekate and Kadam, 2012; Agrawal et al., 2016). Guidelines given by the RBI and IRDAI related to selling of insurance to rural area-based customers provide an extra impetus for bancassurance (Nair et al., 2012; Roy and Roy, 2016). Selling insurance through traditional ways can be expensive and less effective (Pillay and Njenga, 2021; Neama et al., 2023). Therefore, tying up with different corporate agents for soliciting and servicing insurance businesses can be beneficial for banks as well as insurance companies (Karunagaran, 2006; Rajput, 2013; Khalifah, 2018). According to IRDA

Annual Report (2021-22), there are a total of 602 active corporate agents for distributing insurance and out of that, there are 253 banks and remaining are Non-Banking Financial Corporations, Cooperative societies, LLP organizations and various qualified organizations. This shows that a significant proportion of agents for selling insurance are now banks.

1.3 Origin of Bancassurance

Bancassurance popularly known as "Allfinanz" is a bundle of monetary facilities that accomplish the banking as well as insurance requirements of the clients at one time (Rajasekar and Kumari, 2014; Singh and Choudhary, 2017). After the popular Narasimham Committee suggested fiscal reforms in India, the financial market of economy was reformed to a different extent (Sharma and Vashishtha, 2007; Dogra and Dogra, 2019). Banks started to explore new dimensions of financial services and initiated offering innovative products to their customers. Merchant banking, lease, term loans, products related to capital and equity market, hire purchase, etc. were the main services which banks started offering (Arora and Sidhu, 2009; Karunagaran, 2006).

The bancassurance has grown according to demographic, legislative and economic state of the country (Pushpalatha et al., 2013; Ganesan and Eswari, 2016). The inception of bancassurance happened in France in the year 1980 and further gained recognition in Europe, Italy, Belgium, and Luxembourg successfully (Morgan et al., 1994; Genetay and Molyneux, 1998). In USA it was not getting much popular because of Steagall Act, 1933 which stopped the banks from joining hands with financial service providers and hence insurance agents were the source of selling insurance there (Padala and Fasiuddin, 2009; Roy and Roy, 2013). Insurance agents being one source of distribution targeted only the upper class of society which ultimately resulted in a majority of middle-class society being uninsured. Later on, US government realized the need and passed Gramm-Leach Bliley Act in 1999 and bancassurance started gaining popularity in the United States as well (Rajasekar and Kumari, 2014; Gujral, 2018; Nasir et al., 2021).

Bancassurance was started in 2000 in India when the Reserve Bank of India authorized commercial banks to diversify their products by adding one more product to

their basket to serve customers u/s 6(1)(o) of Indian Banking Regulation Act, 1949 (Goyal and Mehrotra, 2016). A detailed set of guidelines for starting and implementing the bancassurance by banks were further issued by the RBI for smooth conduct of bancassurance. The guidelines included information related to capital requirements, NPAs, a minimum requirement of net worth etc. (Karunagaran, 2006; Bansal and Kanwal, 2018). Later on, bancassurance started getting popular because banks were able to approach different sections of the society for selling insurance services due to their easy access to actual as well as potential clients' database (Rao and Rao, 2013; Ranganath and Rao, 2016; Dua and Dua, 2023).

1.4 Global Scenario of Bancassurance

The insurance market has seen significant growth due to increased awareness among customers in developed as well as developing nations (Chandrapal, 2019; Sang et al., 2020). This trend has been particularly seen in developed countries, where customers have become more knowledgeable about the importance of insurance (Ahmeti, 2013; Dragos et al., 2017). Additionally, in developing countries, the insurance market is experiencing rapid expansion as awareness among customers continues to grow (Lee et al., 2018; Pour et al., 2013). India and China are the two countries that are expected to emerge in the upcoming years in the area of insurance (Shahbaz, 2018). The high standard of living and rising middle- and upper-income groups in developed countries are heading towards the growth of bancassurance globally (Alavudeen and Rosa, 2015). From the life and non-life bancassurance types, life bancassurance is ahead in terms of popularity. However, among the bancassurance distribution models, pure distribution model has the major share in the market at global level. The nations which are heading ahead in the list are Europe, Northern America, Pacific Asian Countries, American and Middle Eastern Nations along with Middle East African countries. The maximum contribution among all the nations was by European countries. The important participants in the list of top players are Zurich Insurance Company, ABN AMRO Bank, The ING Group, HSBC Bank, etc. (Smith, 2015).

A study titled "Bancassurance in Asia-Pacific Region: Schemes of such Nation's Leading 150 Shop Banking Institutions," which was authored by document

heap and fin permission in February 2015 found that many countries are experiencing the largest increase in bancassurance incomes which include India, Korea, Singapore, Indonesia, China and the Philippines whereas, China outperforms all other Asian nations in the bancassurance industry. Several economies like Hong Kong, South Korea, Japan and Vietnam have adopted bancassurance as it accounts for over 50 percent contribution in premium income for life insurance.

After the Gramm Leach Bliley Act, 1999 was passed, the United States started selling insurance through banks in the economy. Since consumers prefer better reputable product offerings by agents and brokers only, the prevalence of banking services is quite low in North America and it is still battling to expand (Karunagaran, 2006; Ricci, 2012). According to a report by McKinsey & Company (2019), the income generated by the American banking industry is increasing at a CAGR of 0.85 percent and about 80 percent of life insurance premiums in Brazilare is paid through bancassurance. In the year 2013, the percentage of contracts and agreements between financial organisations, including bancassurance increased by 44 percent in Mexico.

Numerous insurance carriers like AXA, AIG and MetLife have been widely used in developing nations of Middle Eastern and African nations due to their fast industrial prosperity and enhanced set of regulations. (Jones, 2015; Choudhury et al., 2015). A report by McKinsey & Company states that 80 percent of the customer base in Turkish is held by bancassurance. In the United Arab Emirates, notably Dubai, it has emerged as an increasingly significant issue. Pakistan has also attached great importance to it and given it significance. Although starting from a low recognition, bancassurance has developed at a CAGR of 95 percent from 2008 to 2014. Approximately, 40 percent of all premiums collected by insurers come through bancassurance channels. However, for Takaful services, it is anticipated that Islamic-compliant bancassurance, also known as "Bancatakaful," would play a significant part in the industry's growth (Kwon, 2007; Maturi, 2013; Bansal and Kanwal, 2018; Iqbal, 2021). In the year 1998, only 20 percent of the US banks were dealing with bancassurance, and this trend shifted upwards in 2020 in which 70-90 percent of US banks were using bancassurance. As a profitable business strategy in Europe, bancassurance accounts for 35 percent of premiums collection for the European life

insurance business. In other countries like Belgium, Italy, France, Spain, etc. it subsidizes around 65 percent of the revenue from life insurance premiums and particularly in Spain, it accounts for 60 percent contribution through bancassurance (Mordar Intelligence Report, n.d.).

1.5 Indian Scenario of Bancassurance

The transmuting pecuniary environment of the country has resulted in an impulsive change in the Indian Financial Industry (Sharma and Gupta, 2020). Financial organizations have started preferring strategic alliances and bancassurance is one such alliance across the gamut (Thalassinos, 2008). The major notion for combining banking and insurance services is to join the production and selling part for improved results (Ilona and Renata, 2009; Gujral, 2018). As per the report of Internet and Mobile Association of India, the contribution of bancassurance in India has augmented to 56 percent in 2019 from 27 percent in 2011 whereas the contribution of sales of insurance through the agency channel has declined to 24 percent from 42 percent in the same duration. Before COVID-19, Indian insurance companies started relying on bancassurance for increasing sales but later on slowed down due to the online pitching of customers for insurance by banks (Sengupta, 2021).

According to Economic Survey (2022) the rate of penetration of insurance in India is 4.2 percent which is low in comparison to the global average penetration of 7.5 percent. The share of contribution of bancassurance in health insurance was only 9 percent and share of individual agents was 35 percent which was very high if compared with contribution of bancassurance (IRDA Reports, 2021; Malti, 2022; Patnaik, 2022). Although the premium collection percentage was 4 percent but number of policies sold in the year has increased by more than 32 percent in the year 2021 in comparison to 2022 (Malti, 2022; IRDA Report 2021-22). If Indian Banks are considered, they are 1,20,000 in number constituting 65 percent of investments from households thus declaring it as the country of extreme opportunities for insurance companies to target customers (Muthumari & Pushpaveni, 2017).

For increasing Indian insurance penetration, banking sector plays an important role (Kumaraswamy, 2012; Pani and Swain, 2013, Pallavi and Rai, 2018). There are

200 million middle-class people in the country. If this huge population is amalgamated with large banking networks in India, bancassurance can give fruitful results (Gupta 2006; Bala and Verma, 2012). Customers now are more agile towards their investment decisions considering various factors like tax reverts, easiness, accessibility, convenience etc. (Bawa and Bhagat, 2015). Before the introduction of IRDA Act, 1999 in India, the bancassurance term was quite unheard (Samal, 2019; Sadana and Kaur, 2023). However, after breaking the conservative norms of distribution of insurance and other financial services (Fan and Cheng, 2009; Bala and Verma, 2012 and Kumar, 2014) bankers, as well as insurers are preferring bancassurance in comparison to other channels of distribution for fetching customers and increasing the insurance penetration of the market (Popli and Rao, 2009; Grover and Bhalla, 2013).

1.6 Types of Bancassurance Models

Bancassurance based on its features is divided into two categories majorly with risk and without risk. In with risk type of bancassurance, banks participate wholeheartedly in the business of insurance and take risks which in return provides extra benefits for the banks. As the possibility of risk is high, return is also assumed to be high in this category. The Reserve Bank of India has also given certain guidelines and regulations to be pursued by banking companies for attempting bancassurance activities. These include as follows:

1) Minimum requirement of 10 percent capital adequacy ratio
2) ₹ 500 crores of net worth
3) Banks should be generating profits in previous three years
4) Non-performing assets should be at the rational value

When the banks act as agents for the insurance company and only earn fee income for communicating insurance deals to the companies that are known to be without risk participation type of bancassurance (Soni and Rao, 2014; Kaur and Menani, 2017; Ganpathy, 2020). Banks avoid risk-taking scenarios in this case as income earned goes to banks but any claim that is to be borne by the bank is passed on to the insurance companies (Gujral, 2018). Three types of bancassurance model are as follows:

1.6.1 Referral Model

Banking companies which are not eligible for any other model due to regulatory guidelines from the Reserve Bank of India prefer the referral model (Brophy, 2013; Pallavi and Rai, 2018). This model is observed to be a risk-free model as banks only provide their customer database to the insurer for referral fees or commissions. Insurance companies with the help of bankers get the customer's database and target the customer for insurance products. The banks cannot enter into a referral contract for more than one insurance company (Kumari, 2012; Brophy, 2013; Agbo and Nwankwo, 2020). The bank's role is restricted to providing database to their insurance partner whereas the insurer in bank premises is expected to make efforts to convert that reference into actual transaction. It was further observed that few banks used to solicit customers through their untrained staff for insurance products hence regulatory body found it to be inefficient and the referral model was disintegrated into a scoundrel system by IRDA in 2010 (Karunagaran, 2006; Pani and Swain, 2013; Rajasekar and Kumari, 2014; Gujral, 2018).

1.6.2 Corporate Agency Model

Banking companies can play a double role by performing as agents for one life and one non-life insurance companies and selling their products for a fee or commission. After becoming a corporate agent for insurance companies, banks train some of their employees to sell insurance thereafter meeting the requirements specified by IRDA those employees can become insurers for insurance companies as well as banks and can sell insurance products of insurance companies (Soni and Rao, 2014; Devi, 2019). This type of model can be best suited for cooperative banks situated in urban regions as it involves low sharing of risk and low capital requisite and comparatively high income. This type of model is mostly popular in United States as people there preferred to purchase insurance policies through intermediaries like banks which served a variety of products in comparison to insurers (Karunagaran, 2006; Rajasekar and Kumari, 2014; Gujral, 2018).

1.6.3 Joint Venture Model

Joint venture model includes great and comprehensive relationship and also this

model obscures association between insurance and banking companies. In this model, banks act as entirely separate entity in their dealings in which insurance is an additional product like all other products (Buric et al., 2015). Under this model, banks have special counter in their premises and one employee from the bank only markets the insurance products to its customers like any other service. This model includes banks having fully owned subsidiaries with and without participation of foreign investors. In India, under private sector, HDFC Bank and ICICI Bank and under public sector, SBI are the major participants who are taking lead for this type of model and providing these services to their customers. The most important advantage of this model is that banks can make full use of their resources for making bancassurance product a success like other products (Teunissen, 2008; Buric et al., 2015; Sengupta et al., 2015).

1.7 Omni channel and Bancassurance

Banks mostly prefer selling their products through multiple channels rather than just focusing on selling through their branch (Tjioe, 2019). Due to innovations in technology and introduction of new alternatives, banks are also trying to focus on advancement in serving their same services through different modes called omni channels. Therefore, omni channel is nowadays becoming a comfortable and suitable option for banks to fulfill the demands of their customers (Komulainen and Makkonen, 2018). There is a complete shift from the previous banking system which was followed pre-nationalization (1969) to the system followed nowadays (Hamouda, 2019).

The customer of a bank has now become a 'customer of the banking system'. Banks in the coming time will have to focus more on digital marketing, applications on mobile phones, social media platforms, etc. (Hamouda, Manel, 2019). Banking customers are much more exposed to digital experience by introduction of new and innovative financial products (Rafiq, 2019). Digitalization of channels of distribution of banking services has led to availability of different alternatives for the customers but on the other hand, it has led to challenges that are witnessed by the bankers. An information system is a way out of this which has helped in dealing with different multi and omnichannel scenarios (Pavlovski, 2013; Schmidt et al., 2016).

It was planned to study the growth pattern and recent trends of bancassurance

in India along with assessing the awareness level and perception of the same. The socio-economic determinants for willingness to pay for bancassurance were also intended to identify. The bankers are foundation of awareness and willingness to pay for bancassurance and the aspects that influence the perception of bankers were also planned to study deliberately. This learning will assist the banks, insurance companies as well as the government who plan to develop strategies to enhance penetration of bancassurance. Specifically, objectives of the research are as follows:

1. To study the growth pattern and recent trends of bancassurance in India;
2. To assess the level of awareness of the customers about the features of bancassurance products;
3. To analyze the perceptions of bank customers towards bancassurance;
4. To identify the socio-economic determinants of willingness to pay for bank customers for bancassurance;
5. To identify the factors which influence bankers to adopt bancassurance;
6. To examine various challenges faced by bankers in selling bancassurance to their customers.

1.8 Rationale of the Study

A strong financial system with proper accessibility to financing products and services is required for the growth of a nation. Despite having more than 1.2 lakh branches of banks in Indian market, insurance penetration and density is quite low (Mishra, 2012; IRDA Annual Report, 2022; Jain, 2018). If average insurance density in India is compared with other developing countries, it stands at a low position. Although in recent years it has dramatically increased still it is far behind the ranking of developed nations (Pani & Swain, 2013). The penetration percentage of insurance in India is 3.7 percent of GDP in comparison to 6.31 percent of world's average level of insurance penetration (Sharma, 2021). However, other regions like China, Malaysia and Thailand have much higher penetration with 4.77 percent, 4.77 percent and 5.42 percent respectively (ASSOCHAM, 2021). The demand for insurance products is not a big concern as there is a huge market in India to conquer but making those customers buy insurance through banks is a big challenge (Dua et al., 2019).

Nowadays only insurance agent is not enough for selling insurance products and

a strong method of distribution is required so that penetration level of insurance can be increased (Popli and Rao, 2009). The insurance companies cannot target every customer for selling insurance products as it is not possible for them at grand level but banks however can reach majority of customers in rural or remote areas. Therefore, bancassurance as a mode of distribution is an approved and accepted method by all institutions nowadays (Pani and Swain, 2013). Due to large networks of banks with huge numbers of branches all over India, it becomes little convincing for bankers to reach their customers and motivating them to buy insurance through banks only and not by insurance agents. Banks have easy access to the database of their customers which makes it easy to advertise the products related to insurance in a very personalized and pertinent way (Bansal and Kanwal, 2018; Joshi, 2019). Due to the current dynamics of banking sector, high level of competition, etc. cost optimization for banks is required. The best method applicable in such a case may be adoption of digital channels and also to use proper administration for bancassurance. A large number of processes needed to be planned and automated when using omni channel approach, both for banking companies as well as insurance companies also significant capital expenditure for expansion of software is required (Vasiliev, 2019; Ameen et al., 2021).

Considering the above, there is a need to examine the awareness, willingness and perception of the bank customers as well as challenges faced by bankers and also the factors that motivated them for implementation of bancassurance. At international and national level, various literatures are available in the field of insurance and banking but there is a paucity of literature on bancassurance in Punjab. Although various studies are available related to banks and insurance separately, there is paucity of literature available on bancassurance and especially omni channels in India. Because digital banking is quite a new concept and especially omni channels adopted by banks nowadays is an emerging concept therefore association of omni channels with bancassurance and their implications have been addressed. An effort has been initiated to assess the awareness, perception and socio-economic determinants of willingness to pay for bancassurance of bank customers taking omni channels into consideration. However, an effort will also be made to identify various factors which influence the bankers to adopt bancassurance as well as the challenges faced by bankers in selling

bancassurance. The present study will help to provide a comprehensive view of bancassurance in Punjab and will be helpful to the state government, policymakers and researchers.

1.9 Chapter Scheme

The present research study has been classified into nine chapters. The introduction about bancassurance has been given in Chapter I. Chapter II presents a comprehensive structure of review of literature on bancassurance and its various dimensions like awareness, perception, willingness to pay, banker's problems and motivational factors for bancassurance. Chapter III highlights the methodology used for research findings, research instruments, tools used to do analysis and limitations. Chapter IV discusses recent growth patterns and trends of bancassurance in India. Chapter V assesses the level of awareness of bancassurance. Chapter VI examines the factors that affected the perception of bancassurance. Chapter VII identified the socio-economic determinants for willingness to pay for bancassurance among customers of Punjab. The challenges faced by bankers in selling bancassurance and the factors that influenced their decision for implementing it have been highlighted in Chapter VIII. Summary, conclusion and policy implications are conversed in Chapter IX.

CHAPTER II

LITERATURE REVIEW

The present chapter provides an overview of various studies available on bancassurance and its related dimensions. A comprehensive literature review has been carried out at both national as well as international levels. The literature draws attention to the research gaps and provides insights to researchers and academicians on several dimensions. The various studies about bancassurance were classified and summarized in different sections such as growth of bancassurance, awareness of bancassurance, customer‘s perception towards bancassurance, willingness to pay for bancassurance and bankers‘ perception towards bancassurance.

SECTION I

2.1 REVIEW OF LITERATURE

2.1.1 Growth of Bancassurance

The term bancassurance is the collaboration between banking and insurance organisations that has witnessed significant growth worldwide over the past decade (Ghimire, 2013; Joji and Gomatheeswaran, 2013; Bhushan and Murtaza, 2014; Bhateja, 2014; Dua and Sahay, 2017; Dua *et al.*, 2019). Banks have a distinct advantage over other institutions due to their access to internal data of acquired firms. Unlike other entities, banks could obtain financial records, which played a crucial role in making informed decisions regarding short-term lending activities (Fama, 1985; Choudhury and Singh, 2021). This review of literature explored the existing studies and research conducted on the global growth of bancassurance, highlighting key findings, trends, challenges, and prospects.

Over the past few years, the graph of performance of global bancassurance has seen growth (Hong and Lee, 2014; Alavudeen and Rosa, 2015; Dua *et al.*, 2019; Bhardwaj, 2021). Several studies have observed growth in execution of bancassurance (Jan and Baber, 2014; Dharmaraj, 2017; Devi, 2019). The studies have shown that bancassurance has become a preferred choice for customers due to its convenience, accessibility and the ability to offer bundled financial services (Tiwari and Yadav,

2012; Joji and Gomatheeswaran, 2013; Pani and Swain, 2013; Novovic *et al.*, 2015; Iqbal and Jalees, 2016; Nasir, 2021; Agrawal and Gupta, 2022; Sadana and Kaur, 2023). The countries like China, India and Brazil have experienced a remarkable expansion in bancassurance due to rising disposable income, a growing middle-class section in the society and an increased demand for insurance and financial products in recent years (Zhang and Wang, 2017; Singh and Choudhary, 2019). When a customer goes to bank to avail any loan service, it becomes easy for banks to offer him additional insurance coverage on his loan amount because customers become interested in insuring the amount of loan as well (Fagan, 1991; Nicholson, 1992; Estrella, 2001).

Technological advancements are imperative for the growth of bancassurance (Bansal and Kanwal, 2018; Kumar and Sharma, 2020; Ahmed, 2021; Mainelli *et al.*, 2021; Verma et al., 2021). The integration of technology has enabled banks to offer personalized insurance solutions, streamlined processes, and enhanced customer engagement (Li *et al.*, 2018; Ragni and Pontrandolfo, 2020; Kumari and Singh, 2022). The use of digital platforms such as mobile banking and online channels have improved accessibility, customer experience and streamlined processes for availing insurance services from banks and enabled banks to offer personalized insurance solutions and enhance customer engagement (Klotzki et al., 2017; Pareek, 2018).

Bancassurance provides banks with additional revenue streams, increased customer loyalty and cross-selling opportunities (Ghimire, 2014; Nonovic et al., 2015; Ninova, 2018; Chen, 2019). Insurance companies benefit from banks' extensive customer bases, established distribution networks and enhanced customer trust and confidence (Benoist, 2002; Constantinescu, 2012; Clipici et al., 2012; Chen, 2019). The extensive branch network and customer relationships of banks along with bancassurance have enabled insurance companies to tap into under-served markets (Neelamegan and Veni, 2009; Pushpalatha, 2013; Parmasivan and Naidu, 2014; Bhardwaj, 2021). A study by Diacon (1990) mentioned that bancassurance had a significant cost advantage compared to conventional insurance companies existed in India. The revenue generated by the sale of life insurance policies was not the main reason behind growth of bancassurance whereas banks were able to understand that selling insurance through banks will be a fruitful agreement as well as banks could relish

leverage in distribution of insurance services (Santomero, 1990; Fagan, 1991; Singh and Singh, 2014; Gold et al., 2001). Chandrashekhara and Sarala (2017) examined the trend of premium and claim settlement for different types of insurance companies with duration of a decade. The findings revealed that the average growth of premiums was 14.2 percent. The trend analysis highlighted the highest premium growth of 24.3 percent during the year 2011-12 and the highest claim growth percentage of 29.2 during the year 2010-11. The study suggested a need for general insurance companies to improve their premium management to control incurred claims and ensure sustainability.

Despite the growth and opportunities, challenges exist in the bancassurance landscape (Benoist, 2002; Marsiglia and Falautano, 2005; Alavudeen and Rosa, 2015; Popli and Popli, 2015). Regulatory frameworks differ across countries and ensuring compliance is complex. Market saturation and intense competition require innovative strategies and differentiation to sustain growth (Srikanth, 2012; Sengupta et al., 2015). Mishra (2012) and Choudhury et al. (2020) identified challenges associated with bancassurance in India. These include the need for banks to develop specialized skills among their staff to effectively sell insurance products, comply with regulatory requirements and manage potential conflicts of interest (Singhal and Singh, 2010; Devi, 2019; Dharmaraj, 2019).

It was demonstrated that the global growth and transformation of bancassurance over the past decade has changed a lot. The findings observed the increasing adoption of bancassurance as a preferred distribution channel ambitious by emerging markets. Technological advancements, cost and strategic advantages are majorly required for both banks and insurance companies to successfully implement bancassurance. For challenges such as regulation, market saturation and conflicts of interest, the literature emphasizes that there is a need for effective collaboration and continuous skill development to overcome these hindrances.

2.1.2 Awareness of Bancassurance

The bancassurance has gained significant attention as a distribution channel of insurance services, offering benefits to both banks and insurers. The present review was analyzed from scholarly articles, reports and industry publications to provide insights

into the evolution, challenges and opportunities associated with bancassurance awareness. The findings suggested that although bancassurance has gained considerable awareness globally still the level of awareness in India has been steadily growing with the sector having substantial potential for future development.

The major challenge in growth of bancassurance is lack of awareness about bancassurance among customers (Puneet and Abbas, 2015). Bancassurance emerged in the 1980s and gained prominence as an innovative distribution channel for insurance products (Karungaran, 2006; Iqbal and Jalees, 2016; Pattanaik and Patjoshi, 2020). It has gained substantial recognition all over the world (Flur et al., 1997; Teunissen, 2008; Tuhairwe, 2022). Banks have significant advantages in terms of customer access and trust (Sridharan and Allimuthu, 2009; Bhushan and Murtaja, 2014; Jalees, 2016). However, the level of awareness and acceptance of bancassurance varies depending on factors such as cultural differences, regulatory frameworks and stability of the insurance market (Kumaraswamy, 2012; Grover and Bhalla, 2013; Kumar and Bharathi, 2019; Verma and Kansra, 2019; Joshi, 2019; Anli and Aarthi, 2023).

According to Lymberopoulos et al. (2004) and Raman and Gayatri (2004), the proportion of aware and unaware respondents was same for bancassurance. The primary sources of information were bank brochures and interactions with bank staff. Interestingly, level of customer awareness was not significantly associated with the type of insurance products they chose to purchase. Rajkumari (2007) conducted a study to investigate customer attitudes toward purchasing insurance products and their knowledge of bancassurance. The findings depicted that 64 percent participants were knowing about Centurian Bank's partnership with insurance orgnisations. Among non- life insurance policies, ICICI Bank's health insurance was the most preferred option. A study by Reshmi et al. (2007) revealed that 64 percent respondents were knowing about various health insurance products and 45 percent respondents accrediting their awareness to media and advertisement. The study observed that individuals from middle and low socio-economic groups showed a stronger inclination towards insurance products provided by government than by private organisations.

Popli and Rao (2009) employed factor analysis to assess customer awareness and

willingness towards bancassurance by finding the factors that influence customer‘s decisions. The findings indicated that 86 percent respondents were aware that their banks offered bancassurance, primarily due to marketing efforts and advertisements. Trust, personal relationships, and convenience were identified as the main factors influencing customer‘s decision to buy insurance through banks. Agrawal and Haleja (2011) investigated the awareness levels of customers' behavior toward purchasing insurance from banks. The findings indicated that most respondents were dissatisfied with the product knowledge, advertisements, and attention provided by bank employees.

Kumari (2012) aimed at identifying the sources of awareness about bancassurance and explore the reasons why customers preferred buying insurance from their banks rather than directly from insurers. The findings revealed that more than ninety percent of respondents preferred brochures distributed by banks as the primary basis for increasing awareness about insurance products offered by banks. Other significant sources included advertisements, bank staff and internet. Friends and relatives were the least influential source of awareness. The study also observed that trust was the major factor that influenced client‘s choice to purchase insurance from banks instead of insurers. In another study conducted by Grover and Bhalla (2013) identified that customers who purchased bancassurance had different degrees of awareness. The extent of the customer's association with the bank and advertisement through bank brochures were cited as the primary reasons for awareness. However, the study also found that factors such as bank staff, newspapers and direct mail to customers harmed awareness levels.

According to Marsiglia and Falautano (2005); Anshuja and Babita (2012); Grover and Bhalla (2013); Alavudeen and Rosa (2015); Iqbal and Jalees (2016); Dharmaraj, (2019); Kumar and Bharathi, (2019) irrespective of tireless efforts by banks, insurance institutes and the government, customers are either partially or significantly aware of bancassurance and not completely aware. The major sources of awareness were found to be the advertisement, direct contact by staff members of banks with their customers and frequency of visits by customers in bank premises. Irrespective of awareness among customers of banks, the penetration of banks for insurance is

observed to be low (Kumari, 2013; Brar and Singh, 2016; Bansal and Kanwal, 2018; Gujral, 2018; Kumar and Bharathi, 2019).

Several studies about awareness of different types of insurance schemes along with bancassurance were examined to obtain a deeper insight of awareness about bancassurance. The studies assessed the awareness level about health insurance revealed that majority respondents were aware about the concept of health insurance. However, health insurance through banks was not found to be popular and insurance agents were the preferred source of awareness for buying health insurance. Customers mostly prefer Life Insurance Corporation and Bajaj Alliance General Insurance Companies for buying insurance. Although different schemes are run by government such as Pradhan Mantri Jan Dhan Yojana, Rashtriya Surakhsa Bima Yojana, Pradhan Mantri Jan Arogya Yojana etc. still people are more aware about the schemes offered by insurance agents (Chohdhary et al., 2013; Naidu and Parmasivan, 2014; Priya and Srinivasan, 2015; Bawa and Chathha, 2016; Babu et al., 2018; Daniel et al., 2018). Several other studies were reviewed related to awareness about car insurance, motor insurance to analyse the preference of respondents for the buying insurance either through banks or any other source. It was observed that people were not aware about motor and car insurance schemes provided through banks. Even those who were aware were not ready to buy the policies through banks. However, to improve the awareness about the concept of bancassurance it was suggested to organize awareness campaigns, provide training to the staff of banks for selling insurance policies etc. to increase awareness about different types of insurance available under bancassurance (Mahapatra, 2017; Namukasa et al., 2017; Mallik and Suhaib, 2018; Chattha, 2020; Rajamannar and Yamuna, 2020). Awareness about bancassurance can be improved by eliminating the challenges associated with awareness and bancassurance (Marsiglia & Falautano, 2005). The cultural clashes among bank and insurance employees, integrated banks and insurance operations, lack of adequate training among staff members were found to be major challenges hindering awareness about bancassurance and need to be addressed (Bawa and Chathha, 2016; Sharma and Bhateja, 2016; Kumar and Bharathi, 2019; Chattha, 2020; Guillem, 2020).

The studies shed light on customer attitudes and awareness levels regarding

different types of insurance and specifically bancassurance in India. The findings highlighted the importance of advertisements, bank brochures and effective marketing strategies in creating awareness about bancassurance. Trust was identified as a key factor influencing customer‘s decision to choose banks for insurance purchases. However, there is a need to improve awareness levels among customers and address factors that negatively affect awareness like lack of visits by customers due to digitalization, lack of awareness campaigns, programs etc.

2.1.3 Customers' Perception towards Bancassurance

The literature review revealed various insights about the perception of customers related to bancassurance services. The customers perceived bancassurance as a reliable, convenient and one-stop solution for their insurance needs. The factors such as trust, service quality, convenience, personal relationships and effective marketing strategies play a crucial role in shaping customer perception. The findings emphasized the importance of increasing awareness among customers to enhance insurance penetration. Understanding and addressing customer perceptions can help banks and insurance companies in developing strategies to effectively engage customers and drive bancassurance adoption.

It was found that reliability, compassion by staff members, receptiveness, trust, satisfaction and belief in claim settlement under bancassurance were the perceived factors affecting perception of bancassurance (Berghe & Verweire, 2001; Shukla et al., 2012). It was also observed that respondents perceived the infrastructure of banks comfortable for buying insurance through banks as they do not find the same service quality in insurance offices registered under public domain (Vikas, 2011; Rajasekar and Kumari, 2014).

Khurana (2008) emphasized customer preference for bancassurance in India and measured the satisfaction level among them. The customers from different banks were fully satisfied with the service and promised to suggest the same to their friends whereas certain respondents were not in favor of bancassurance and also refused to suggest the product to others because of claim settlement and other problems. Ali and Chatley (2013) conducted an analysis of customer‘s perception by extracting the

factors that influence the buying behavior as well as satisfaction level of bancassurance in Punjab. The study involved a sample of 400 respondents from four cities in Punjab namely Chandigarh, Ludhiana, Patiala, and Amritsar. The findings revealed that respondents from Chandigarh and Ludhiana showed a greater inclination toward purchasing insurance through bancassurance. This preference was influenced by factors such as a lack of knowledge about bancassurance, longer processing times in banks, increased documentation requirements and difficulties in claim settlement through banks, which were more prevalent among customers from Amritsar and Patiala. In a study directed by Wu et al. (2015), the researchers aimed to identify and evaluate customers' preferences regarding bancassurance alliance model in the Taiwan area. It was observed that respondents feel that bancassurance is a hassle-free process and it is more efficient than traditional methods of selling insurance.

The discernment of customers towards schemes of motor vehicle insurance were recognized by Ariff and Sirajuddin (2016). The research was led in Pollachi Taluk in Coimbatore District with a respondent size of 100 respondents. It was found that faith was the most preferred factor followed by prompt service, friendly and helpful staff and security. Epetimehin and Akinselure (2016) examined the effect of employee perception on the purchase of car insurance in Osun State. It was found that respondents with regular salaries were in favor of buying insurance. Most of the respondents preferred third-party insurance over the other types of insurance because of being cheaper than other types of insurance.

Mistry and Jadhav (2023) conducted a study on the perception of customers for the traditional and modern channels of distribution in the insurance sector and their expectations while choosing a distribution channel in the Mumbai region. It was found that the majority of respondents were comfortable buying policies through agents than banks. It was exhibited that more and more insurers were adopting a multichannel strategy as they were trying to fulfill the needs of customers from different groups. It was concluded that most of the consumers preferred traditional means of distributing insurance. Choudhary et al. (2018) measured the customer experience about bancassurance based on seven core factors namely; ease of buying, reliability of

bancassurance, the responsiveness of bancassurance, maturity benefit, after-sale service, stock market-related information and accuracy. It was found that respondents had favorable experiences when they bought insurance through the banking channel and bancassurance also played an important role in fetching new and retaining old customers.

Devi (2019) suggested that positive or negative judgement can influence customers‘ intentions to buy insurance services. In particular, the role of bank representatives in advising on insurance products is crucial for providing value to customers. Customers expect to receive the same level of value from insurance services as they feel while buying other banking services. Therefore, the way customers perceive bancassurance and their intentions actually buy insurance products may vary (Bapat et al., 2014; Choudhury and Singh, 2015).

2.1.4 Willingness to pay for Bancassurance

Bancassurance has gained significant attention in the financial services industry. Understanding customers' willingness to pay for bancassurance is crucial for banks and insurance companies to develop effective pricing strategies and enhance customer satisfaction. This literature review examined and analyzed existing studies that explored customers' willingness to pay for bancassurance (Devi, 2020; Mathithibane, 2021). Various studies have been investigated and factors which influence customers' willingness to pay for bancassurance have been highlighted with key insights into customer behavior and preferences. These studies provide valuable insights for both practitioners and researchers in understanding customers' perceptions and their willingness to invest in bancassurance products. Mathiyazhagan (1998) examined the intentions of paying for an insurance scheme covering health section in India. Data was collected from Karnataka state through a rural household survey. It was found that insurance scheme was popular in rural areas. Most of the respondents were in favor of paying insurance premiums. However, various problems faced by people were cost effectiveness, low quality, etc. Hence the inclusion of the privatisation in the health insurance sector was suggested at that time. Przybytniowski, 2018 conducted a study in Mexico which indicated that customers' inclination for buying insurance through banks was influenced by income level, qualification and the perceived value of the

insurance product. Higher-income individuals were more willing to pay for bancassurance, suggesting that affordability is one factor that help the customer in decision-making. Bawa and Chathha (2016) investigated awareness of the customer and their willingness for paying for insurance services in the Indian life insurance sector. Their study highlighted that customers who were aware of bancassurance were more likely to express a higher readiness to pay for insurance products through this channel. Furthermore, the study found that customers' perception related to convenience and trust in bancassurance influenced their willingness to pay.

In a study by Agrawal and Haleja (2011) the awareness of customers for insurance products from banks was examined. Their findings indicated that income level significantly affected customers' willingness to pay for bancassurance. Higher-income individuals were more likely to exhibit a higher willingness to pay for insurance products through banks. However, gratification of the customer and perception have been acknowledged as critical aspects affecting customers' willingness to pay for bancassurance (Przybytniowski 2018; Kumar and Duggirala, 2021). Popli and Rao (2009) found that customers' satisfaction about bancassurance services positively influenced their willingness to pay. The customers who perceived positive about the services offered by bancassurance were more willing to pay for insurance products distributed through banks. Thuan et al. (2008) studied the inclination about health insurance among the rural people of northern Vietnam to find out either people were in favor of paying for health insurance or not in the Bavi district. It was found that 70 to 80 percent of the respondents were ready for less expense for health-insurance programs. Age was found to be negatively linked with willingness to pay. It was suggested that insurers should make a system of health insurance in which old and low-educated people should be targeted.

Muthumari and Pushpaveni (2017) discussed the loyalty factor of respondent for the bancassurance in Virudhunagar district and analyzed the factors that influenced customer loyalty. Both primary and secondary data was used in the research. It was found that respondents suggested friends and relatives to buy insurance products through banking organizations. Banks should try innovative customized packages and services to stay competitive. Fadlallah et al. (2018) analyzed the factors that affect the

inclination to pay for health insurance among the adults. Information for the research was gathered from three divisions of Sarawak with the help of a multi-stage cluster sampling technique. It was found that 46.7 percent of the respondents were in favor of\ paying monthly insurance premiums. Those who refused to pay were unable to arrange monthly insurance premiums. However, in various studies it was observed that education level, marital status, gender, monthly family income and treatment penchant were the factors that influenced willingness to pay for payers (Ranger and Surminski, 2013; Wu and Wang, 2018; Devi, 2020).

The reviewed literature provided valuable insights into customers' willingness to pay for bancassurance. The factors influencing customers' willingness to pay included income level, education, trust, customer satisfaction, perceived value and convenience. Understanding these factors is crucial for banks and insurance companies to design effective insurance policies and enhance customer satisfaction. Future research could delve comprehensively about specific market segments and explore how cultural and contextual factors influence customers' willingness to pay for bancassurance in different regions or countries.

2.1.5 Bankers' Perception towards Bancassurance

The literature review explored the perceptions of bankers towards bancassurance and highlighted the key findings and trends observed. By examining various studies and articles, this review shed light on the factors influencing bankers' attitudes and the potential benefits and challenges witnessed by bankers associated with bancassurance (Benoist, 2002; Fan and Cheng, 2011; Fan *et al.,* 2015).

Several factors influencing bankers' perception for bancassurance were found to be regulatory frameworks, competition, customer demand, profitability and risk management (Bala and Sandhu, 2011; Soni and Rao, 2014). The studies suggested that bankers are more likely to perceive bancassurance positively when there is a supportive regulatory environment that encourages collaboration between banks and insurance companies (Constantinescu, 2012). Similarly, competition in the financial industry, particularly from non-traditional players like fintech firms, have motivated bankers to embrace bancassurance as a means to diversify revenue streams and enhance customer

loyalty (Karunagaran, 2006; Mishra, 2012; Joji and Gomatheeswaran, 2013). Ranganath and Rao (2017) discussed the performance of bancassurance. Both primary and secondary data were used in research in Srikakulam district to analyze the performance, progress, prospects and problems that occurred in the marketing of bancassurance, especially from bankers' perspective and to study the motivational factors of bank employees to promote bancassurance in banks. It was found that bancassurance accounted for a share of almost 35 to 40 percent of the premium income. The need to exploit opportunities in the dynamic and competitive environment was suggested for constant growth.

The literature indicated several perceived benefits of bancassurance from the perspective of bankers. The bancassurance allows banks to influence their existing customer base by using distribution network to cross-sell insurance products, leading to increased sales and profitability (Sorina, 2012). Bancassurance enhances customer convenience by providing one-stop financial solutions. Furthermore, bankers recognize that bancassurance can help in developing customer relationships and foster long-term loyalty, thereby enhancing customer retention rates (Boon et al., 2012; Tiwari and Yadav, 2012).

While bankers perceive numerous benefits of bancassurance, they also face various challenges and concerns (Benoist, 2002; Mishra, 2012). One major concern is the potential conflict between banks' fiduciary duty towards their customers and the sales-oriented nature of insurance products (Alavudeen and Rosa, 2015; Popli and Popli, 2015). Balancing the interests of customers and the need to meet sales targets pose ethical and reputational risks for bankers (Marsiglia and Falautano, 2005; Srikanth, 2012). Bankers express trepidation regarding complexity and unfamiliarity of insurance products, which requires them to acquire new knowledge and skills (Shigihalli and Shobha, 2015). The integration of insurance services into banks' existing infrastructure and processes also presents operational challenges that need to be addressed (Neelamegam, 2008; Lalat and Swain, 2013). Bankers' perception of bancassurance is closely linked to customer perception and acceptance. Bankers' positive perception is reinforced when they observe customer satisfaction and loyalty (Ali and Chatley, 2013; Joshi, 2019; Pallavi and Rai, 2021). However, it is crucial for

bankers to carefully assess customer preferences and needs to avoid potential misalignment between the insurance products offered and customer expectations.

The literature review highlighted that bankers' perception of bancassurance is shaped by various factors including the regulatory environment, competition, customer demand, profitability and risk management considerations. While bankers perceive numerous benefits, they also face challenges related to ethics, product complexity and operational integration. Moreover, customer perception and acceptance play a crucial role in shaping bankers' attitudes towards bancassurance. Research is a requirement to explore the enduring effects of bancassurance on banks' financial performance and customer satisfaction. This literature review provides valuable insights into bankers' perceptions of bancassurance. By understanding these perceptions, stakeholders can better navigate the opportunities and challenges associated with bancassurance collaborations, ultimately fostering the development of more effective strategies in this rapidly evolving financial landscape (Joshi, 2019).

SECTION II

2.2 CONCLUSION

The evaluation of various studies related to banks selling insurance demonstrates the relevance of concept for banks, insurance companies and the government. The literature revealed growth in the global trend of bancassurance over the last few years (Hong and Lee, 2014; Alavudeen and Rosa, 2015; Dua et al., 2019; Bhardwaj, 2021). Several studies have observed the growth in implementation of bancassurance as a key delivery network for selling insurance products (Jan and Baber, 2014; Dharmaraj, 2017; Devi, 2019). The studies suggested that bancassurance has become a preferred choice for customers due to its convenience, accessibility and the ability to offer bundled financial services (Tiwari and Yadav, 2012; Joji and Gomatheeswaran, 2013; Pani and Swain, 2013; Novovic *et al.*, 2015; Iqbal and Jalees, 2016; Nasir, 2021; Agrawal and Gupta, 2022; Sadana and Kaur, 2023). Countries like China, India and Brazil have experienced a remarkable expansion in bancassurance due to rising disposable incomes, a growing middle-class sector and increasing demand for insurance and financial products in recent years (Zhang and Wang, 2017; Singh and Choudhary, 2019). Technological advancements also have

involvement in the growth of bancassurance (Bansal and Kanwal, 2018; Kumar and Sharma, 2020; Ahmed, 2021; Mainelli *et al.*, 2021; Verma et al., 2021). The integration of technology has enabled banks to offer

personalized insurance solutions, streamlined processes, and enhanced customer engagement (Li *et al.*, 2018; Ragni and Pontrandolfo, 2020; Kumari and Singh, 2022). Digital platforms and online channels have improved accessibility, customer experience and streamlined processes for availing insurance services from banks and also enabled banks to offer personalized insurance solutions and enhance customer engagement (Klotzki *et al.*, 2017; Pareek, 2018). Despite the growth and opportunities, challenges exist in the bancassurance landscape (Benoist, 2002; Marsiglia and Falautano, 2005; Alavudeen and Rosa, 2015; Popli and Popli, 2015). Regulatory frameworks differ across countries and ensuring compliance can be complex. Additionally, market saturation and intense competition require innovative strategies to sustain growth (Mishra, 2012; Srikanth, 2012; Sengupta et al., 2015; Choudhary et al., 2020).

Even after a few decades of adoption of bancassurance, awareness about the concept is either partial or low among the customers. People have started learning about bancassurance specifically after the outbreak of COVID-19 (Sengupta, 2022) still the knowledge about the features and advantages of buying insurance through banks is quite low. The level of awareness and acceptance of bancassurance varies depending on aspects like cultural differences, controlling frameworks and the constancy of the insurance market (Lymberopoulos et al., 2004; Raman and Gayatri, 2004; Rajkumari, 2007; Reshmi et al., 2007; Popli and Rao, 2009; Agrawal and Haleja, 2011; Kumaraswamy, 2012; Grover and Bhalla, 2013; Kumar and Bharathi, 2019; Verma and Kansra, 2019; Joshi, 2019; Anli and Aarthi, 2023; Verma and Kansra, 2023). The major challenge in growth of bancassurance is lack of awareness about bancassurance among customers (Puneet and Abbas, 2015). The major sources of awareness about bancassurance were found to be advertisements, frequent visits to bank branches by customers and direct contact by bank staff with customers (Marsiglia and Falautano, 2005; Anshuja and Babita, 2012; Grover and Bhalla, 2013; Alavudeen and Rosa, 2015; Iqbal and Jalees, 2016; Dharmaraj, 2019; Kumar and Bharathi, 2019). However, the least effective sources of awareness were newspapers, telephonic advertisements and

awareness through mail (Grover and Bhalla, 2013; Alavudeen and Rosa, 2015). Irrespective of awareness among customers of banks, the penetration of banks for insurance is observed to be low (Kumari, 2013; Brar and Singh, 2016; Bansal and Kanwal, 2018; Gujral, 2018; Kumar and Bharathi, 2019). However, digitalization in bancassurance services by banks, advertisements through social media, organization of awareness camps and programs by banks in public places like malls and religious places can help in improving awareness among customers regarding bancassurance (Verma and Kansra, 2022).

The literature review revealed various insights into the perception of customers about bancassurance services. The customers perceived bancassurance as a reliable, convenient and one-stop solution for their insurance needs. Factors such as trust, service quality, convenience, personal relationships and effective marketing strategies play a crucial role in shaping customer perception (Berghe & Verweire, 2001; Bishnoi and Singh, 2009; Shukla et al., 2012; Agius et al., 2019; Joshi, 2019; Choudhary et al., 2020; Onuorah et al., 2020; Choudhary and Singh, 2021). It was found that respondents responded positively for different factors like reliability, compassion by staff members, receptiveness, trust, satisfaction, belief of claim settlement of bancassurance (Deepalakshmi and Kavya, 2019; Devi, 2019; Dharamraj, 2019; Hassan and Iqbal, 2019; Shailaja and Mazeed, 2020; Mpaata et al., 2020; Pallavi and Rai, 2021; Agrawal and Gupta, 2022). It was also observed that respondents perceived the infrastructure of banks comfortable for buying insurance through banks as they do not find the same service quality in insurance offices administered by public category (Vikas, 2011; Rajasekar and Kumari, 2014). The customer's perception about bank, whether positive or negative, can influence their intentions to purchase insurance products. The customers expect to receive the same level of value from insurance services as they do from banking services. Therefore, the way customers perceive bancassurance and their intentions to cross-buy insurance products may vary (Wang & Hwang, 2009; Bapat et al., 2014; Choudhury and Singh, 2015).

The studies have identified factors affecting customers' willingness to pay for bancassurance and have highlighted key insights into customer behavior and

preferences. The findings showed that customers' intention to buy insurance through banks was prejudiced by reasons like monetary proceeds, qualification and the perception about insurance product. Higher-income individuals were more likely to exhibit a higher willingness to pay for bancassurance, suggesting that affordability plays a significant role in customers' decision-making. Bawa and Chathha (2016) highlighted that customers who were aware of bancassurance were ready to express a higher readiness to buy for insurance products through this channel. Furthermore, studies found that customers' perception about convenience and trust in bancassurance influenced their willingness to pay (Agrawal and Haleja, 2011; Przybytniowski, 2018; Kumar and Duggirala, 2021). In other studies education level, gender, married position, family income on month basis and treatment preference were the factors that influenced willingness to pay for payers (Ranger and Surminski, 2013; Wu and Wang, 2018; Devi, 2020). There are numerous studies available on willingness to pay for health insurance (Mathiyazhagan, 1998; Thuan et al., 2008; Bawa and Chathha, 2016) but a meager number is there on studies related to willingness to pay for bancassurance.

The perception of bankers towards bancassurance is also an imperative input for the growth of bancassurance likewise the perception of customers. Although the number of studies is very less still the review revealed that factors that influence bankers' perception of bancassurance were regulatory frameworks, competition, customer demand, profitability and risk management (Bala and Sandhu, 2011; Constantinescu, 2012 Soni and Rao, 2014). The competition in the financial industry from non-traditional players like fintech firms, has motivated bankers to embrace bancassurance as a means to diversify revenue streams and enhance customer loyalty (Karunagaran, 2006; Boon et al., 2012; Mishra, 2012; Sorina, 2012; Tiwari and Yadav, 2012; Joji and Gomatheeswaran, 2013). While bankers perceive numerous benefits of bancassurance and they also face various challenges and concerns, one major concern is the potential conflict between banks' fiduciary duty towards their customers and the sales-oriented nature of insurance products (Benoist, 2002; Marsiglia and Falautano, 2005; Neelamegam, 2008; Mishra, 2012; Srikanth, 2012; Lalat and Swain, 2013; Alavudeen and Rosa, 2015; Popli and Popli, 2015).

CHAPTER III

RESEARCH METHODOLOGY

An imperative requirement for research design includes a detailed description of the research methods adopted and tools used for analysis (Mann, 2003). A research design endows with the structure for data gathering and examination (Badu et al., 2019). The present chapter discussed the research methodology adopted for giving a comprehensive view of the population, sample selected, design and size of the sample and statistical techniques adopted for data analysis. This chapter has been classified into three segments. Section I of the chapter presents research design, sampling design and size of sample for the study. Section II describes the questionnaire, its reliability and validity as well as hypothesis of the study. Section III deals with the statistical techniques used in the present study.

SECTION I

3.1 DESIGN OF THE STUDY

3.1.1 Sampling Design

For the purpose of defining sample design, Punjab, a state situated in northern region of the country was taken into consideration. As it was a cross-sectional study therefore, five districts from three regions namely Majha, Malwa and Doaba were selected for the collection of data thus, a multi-stage stratified random sampling was used in the study (Kansra and Oberoi, 2023). In the first phase, considering 25 percent proportion as a base, Amritsar district was selected from Majha region, Ludhiana, Patiala and Sangrur were taken from Malwa region and lastly Jalandhar district was chosen from Doaba region. The selection of districts from the regions was based on population size as per census of India, 2011. The districts selected represents maximum population chosen from the regions of Punjab.

Table 3.1.1 District-Wise Population of Punjab (2011)

Region	Districts	Population	Rank
Majha	Amritsar	24,90,656	1
	Pathankot	6,76,598	4
	Gurdaspur	16,21,725	2
	TaranTaran	11,19,627	3
Malwa	Ludhiana	34,98,739	1
	Rupnagar	6,84,627	11
	Patiala	18,95,686	2
	Sangrur	16,55,169	3
	Barnala	5,95,527	14
	Bathinda	13,88,525	4
	Mansa	7,69,751	10
	Ferozpur	9,65,337	8
	Fajilka	10,63,737	5
	Fatehgarh Sahib	6,00,163	13
	Mohali	9,94,628	7
	Moga	9,95,746	6
	Muktsar	9,01,896	9
	Faridkot	6,17,508	12
Doaba	Jalandhar	21,93,590	1
	Hoshiarpur	15,86,625	2
	Nawanshahar	6,12,310	4
	Kartarpur	8,15,168	3

Source: Punjab Statistical Abstract, 2020

Selection of Banks

Indian banks are subjugated to two major sectors of commercial banks, viz. public and private sector commercial banks therefore, in the present work, these two segments of banks were chosen. Taking into consideration the RBI bulletins, an exhaustive list of presently existing public and private banks was prepared.

The selection of banks for the study was based on bancassurance income earned by banks. Out of the total list, 8 banks were selected. 4 banks were taken from public category and 4 banks from the private category. 2 banks with the highest bancassurance income and 2 banks with the lowest bancassurance income were selected from public sector banks, similarly, 2 banks with the highest bancassurance income and 2 banks with lowest bancassurance income from private sector were chosen. The list of all the public sector banks (table 3.1.2) and private sector banks (table 3.1.3) is given below from which the banks for study were selected.

Table 3.1.2 List of Public Sector Banks

Sr. No.	Name of the Bank	Bancassurance Income (in Crore ₹)
1	Bank of Baroda	144.63
2	Bank of India	78.60
3	Indian Bank	16.75
4	Indian Overseas bank	23.06
5	Punjab and Sind Bank	5.15
6	Punjab National Bank	240.95
7	UCO Bank	8.5
8	Union Bank of India	104.34
9	Central Bank of India	39.55
10	State Bank of India	1222.76
11	Bank of Maharashtra	18.93
12	Canara Bank	114.89

Source: Compiled data from Annual Reports of 2019-20 of various banks

From the table 3.1.2, it was observed that SBI Bank had the highest bancassurance income during 2019-20. Therefore, as per the required criteria of selection, State Bank of India with the highest income of ₹ 1222.76 crores were preferred followed by Punjab National Bank. Thereafter, banks with lower bancassurance income were also selected and chosen banks for the present study were Punjab and Sind Bank

with lowest bancassurance income of ₹ 5.15 crores and UCO Bank with the second lowest bancassurance income of ₹ 8.5 crores.

Table 3.1.3 List of Private Sector Banks

Sr. No.	Name of the Bank	Bancassurance Income (in ₹ Crore)
1	Axis Bank	768.17
2	Bandhan Bank	73.17
3	Catholic Syrian Bank	19.83
4	City Union Bank	11.75
5	DCB Bank	33.76
6	Dhanlaxmi Bank	5.98
7	Federal Bank	66.66
8	ICICI Bank	1141
9	HDFC Bank	2356
10	IndusInd Bank	227.23
11	IDFC First Bank	42.18
12	Jammu and Kashmir Bank	45.34
13	Karnataka Bank	38.50
14	Karur Vysya Bank	24.62
15	Kotak Mahindra Bank	213.57
16	Lakshmi Vilas Bank	10.81
17	Nainital Bank	121.29
18	RBL Bank	43.05
19	South Indian Bank	20.68
20	Yes Bank	83.64
21	IDBI Bank	66.08
22	Tamilnad Mercantile Bank	54.08

Source: Compiled data from Annual Reports of 2019-20 of various banks

However, HDFC Bank has the highest bancassurance income of ₹ 2356 crores were preferred at first for data collection followed by ICICI Bank with the second highest bancassurance income of ₹ 1141 crores. However, Dhanlaxmi Bank has the lowest bancassurance income of ₹ 5.98 crores were shortlisted for data collection in addition to it City Union Bank with the second lowest bancassurance income of ₹ 11.75 crores were also chosen for collection of data from bankers as well as customers of bank.

3.1.2 Sample-size Calculation

The size of the sample for the present study was determined for both public sector and private sector banks with the following formula. It was based on a 95 percent confidence level 0.05 and a recommended error margin of 5 percent (i.e., $\alpha = 0.05$). The total sample size attained was adjusted for the design effect (viz. 1.25). Using these values, 536 respondents was the derived size of sample assumed to be adequate to provide results for the population as a whole. However, all the managers from public and private sector banks which were shortlisted in the list were surveyed to understand their views pertaining to the bancassurance.

Sample Size (n) = Z^2 (p) (1-p) / e^2

Where, Z= for a level of confidence, the Z statistic (for the level of confidence of 95 percent, the conventional Z value is 1.96, p=estimated prevalence of risk factor and e= margin error.

SECTION II

3.2. INSTRUMENT USED FOR RESEARCH

This section defines the approaches and measures used for the collection of data. Considering the comprehensive objectives of the study, figures were obtained from the second-hand and first-hand sources:

1. Secondary Data

The secondary data for study was gathered to study the growth patterns and trends of bancassurance in India. The data was collected through IRDA Annual Reports, 2021-22. The data related to bancassurance income, bank branches, number of employees in the banks was collected using annual reports of all scheduled commercial banks for the years 2012-2022. In addition, secondary was also collected from the websites of Ministry of Finance, National Insurance Academy, Planning Commission of India and Public Health Foundation of India.

2. Primary Data

The primary data was gathered to analyze the awareness, perception and willingness to pay for bancassurance for bank customers and also to study the factors that influenced

bankers to adopt bancassurance along with the challenges faced by bankers in adopting bancassurance. The following tools were used for primary data collection:

1. Questionnaire for bank customers
2. Questionnaire for bank managers

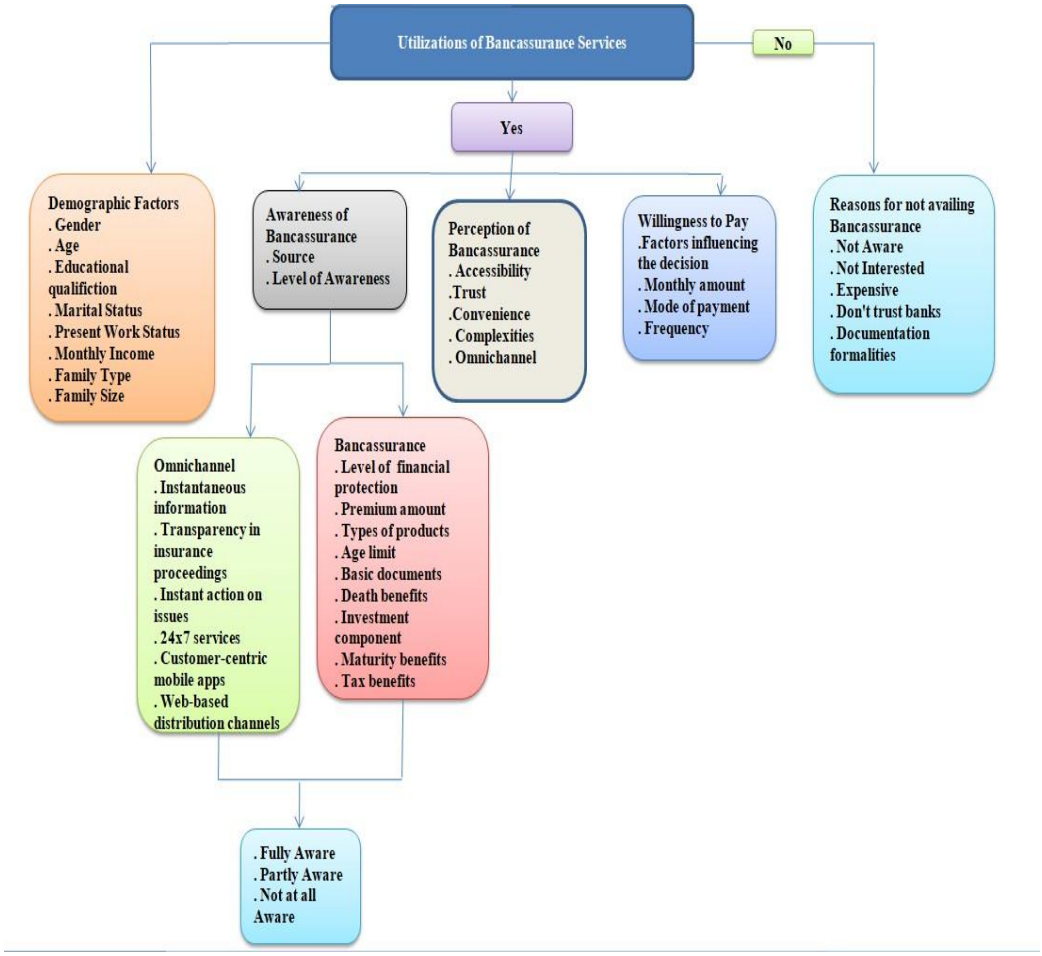
In the present study two sets of questionnaires were designed for collecting primary data. First questionnaire was designed specifically for the customers to examine their awareness, perception and willingness to pay for bancassurance. The questionnaire was classified into six sections. Section I deals about basic information of respondents. Section II collected information about the socio-demographic profile of the respondents. Section III deals with general information related to the bank and insurance of the respondents. Section IV highlighted various aspects of awareness of bancassurance whereas Section V discussed various dimensions related to bancassurance to judge the perception of respondents on five-point likert scale. The last section was related to the questions about socio-economic determinants for willingness to pay for bancassurance.

However, second questionnaire was designed for the managers of the public and private sector banks to understand the various challenges faced by them in selling bancassurance and to identify various factors which motivate them to adopt bancassurance. This questionnaire was classified into four sections. First section was to obtain information about socio-demographic profile of the respondents. Section II was related to general information about bankers related to banks and insurance. Section III dealt with factors that influenced the bankers to adopt bancassurance and Section IV discussed the problems faced by bankers in implementing bancassurance. The questionnaires were designed keeping in consideration the traditional as well as omni channels of providing bancassurance. All those respondents who are above the age of 18 years and availing the services of banks were selected as respondents for the study to know their awareness level as well as perception and willingness to pay for bancassurance. However, bank managers who were working in the banks shortlisted for the study were also taken as respondents.

3.2.1. Conceptual Framework to Examine the Utilizations of Bancassurance Services among Respondents

Figure 3.2.1 shows the conceptual framework to examine the utilizations of bancassurance services among customers. The present model depicts various paths through which the awareness level and perception level of the customers of the bank were assessed and also the factors that influence their decisions for willingness to pay.

Figure 3.2.1 Conceptual framework to examine the utilizations of bancassurance services

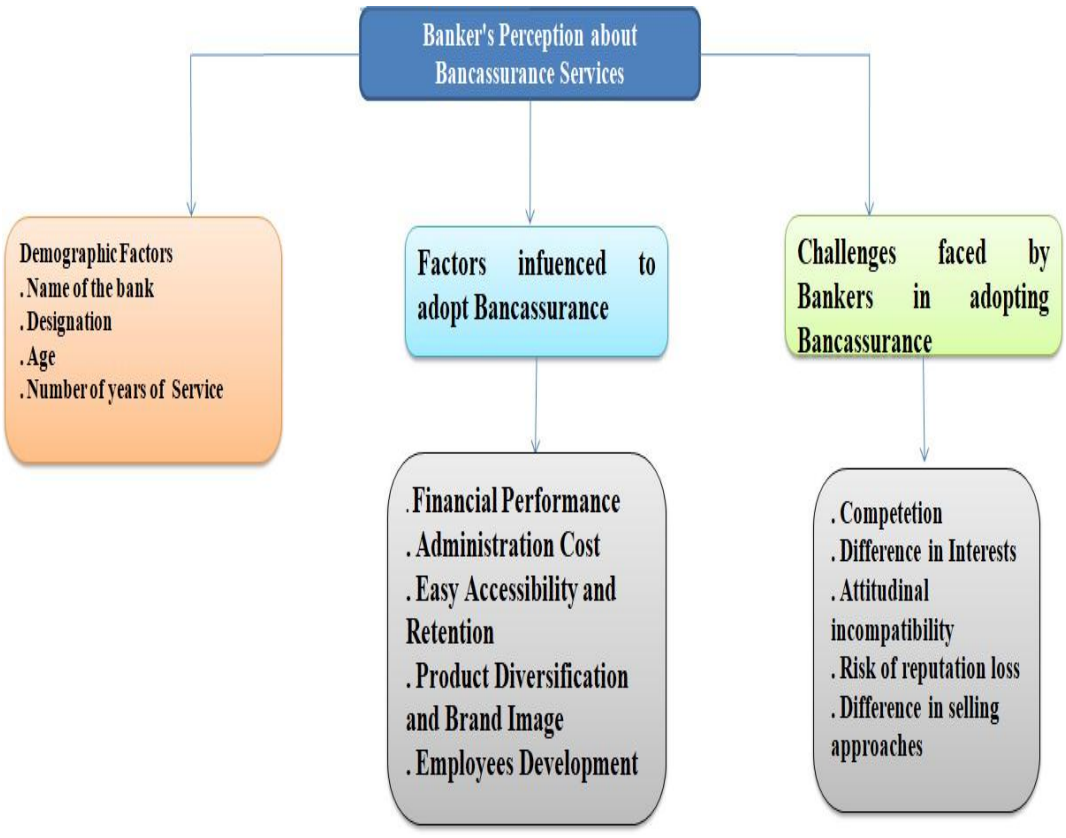


Source: Author‘s compiled model based on literature review

3.2.2 Conceptual Framework to Examine Banker's Perception of Bancassurance Services

Figure 3.2.2 shows the conceptual framework to examine bankers' perception of bancassurance services. To find the factors that motivated employees to sell bancassurance, the model is divided into two parts. The present model depicted various paths through which the perception level of the bankers and also the factors which influence their decisions for bancassurance. Bankers' perception of bancassurance is equally important as that of customers and needs to be highlighted.

Figure 3.2.2: Conceptual framework to examine banker's perception



Source: Author‘s compiled model based on literature review

3.2.3 Hypotheses of the Study

The following hypotheses have been formulated to study the above objectives:

1. To test the association between awareness about bancassurance and socio-demographic variables, various hypotheses were formulated: -

H_{o1}: There is no significant association between district of the respondent and awareness about bancassurance.

H_{o2}: There is no significant association between gender of the respondent and awareness about bancassurance.

H_{o3}: There is no significant association between age of the respondent and awareness about bancassurance.

H_{o4}: There is no significant association between education of the respondent and awareness about bancassurance.

H_{o5}: There is no significant association between marital status of the respondent and awareness about bancassurance.

H_{o6}: There is no significant association between work status of the respondent and awareness about bancassurance.

H_{o7}: There is no significant association between income of the respondent and awareness about bancassurance.

H_{o8}: There is no significant association between family type of the respondent and awareness about bancassurance.

2. To identify the socio-economic determinants of willingness to pay for bancassurance, the following hypotheses were formulated: -

H_{o1}: There is no significant association between district of the respondent and willingness to pay for bancassurance.

H_{o2}: There is no significant association between gender of the respondent and willingness to pay for bancassurance.

H_{o3}: There is no significant association between age of the respondent and willingness to pay for bancassurance.

H_{o4}: There is no significant association between education of the respondent and willingness to pay for bancassurance.

H_{o5}: There is no significant association between marital status of the respondent and willingness to pay for bancassurance.

H_{o6}: There is no significant association between work status of the respondent and

willingness to pay for bancassurance.

H_{o7}: There is no significant association between income of the respondent and willingness to pay for bancassurance.

H_{o8}: There is no significant association between family type of the respondent and willingness to pay for bancassurance.

3.2.4. Content Validity

The degree up to which a research instrument envelops the content which it is supposed to measure is termed as content validity. The two important aspects that are required for content validity are:

1. Assessable level of every item for describing the characteristics;

2. Combination of items that signifies every phase of the characteristics (Yaghmaie, 2009).

As there are no such mathematical and numerical analyses for knowing whether a questionnaire satisfactorily envelops every content segment or not this ultimately rests upon the decision of academicians and experts in the particular field. The content validity is a judgmental process in which there is an effort to find out whether the queries involved in the questionnaire are relevant to the domain of the research or not (Dar and Mishra, 2019).

For this particular research, content validity was taken up for both the questionnaires i.e., for customers and bankers. For the customer‘s questionnaire, the majority of the experts suggested lessening the use of banking terminologies, language of the questionnaire to be simple and clear and deletion of some of the constructs which they assumed to be repetitive. However, in the banker's questionnaire, the use of language of the questionnaire to be professional as the questionnaire was to address the bank professionals was suggested. Thus, after the execution of the suggestions as given by the experts the language of the research questionnaire was kept to be simple, uncomplicated, understandable, useful as well as comprehensible by the respondents for the research.

3.2.5. Pilot Testing

Pilot testing is the procedure done to know whether the research work can be preceded or not and if so, it has a definite element of conducting on a small scale than

the complete sample. It is an imperious prerequisite for the perfection of the eminence and effectiveness of the actual research (In, 2017). A pilot test was performed on 110 respondents from the selected districts of Punjab by using a structured questionnaire. The respondents of more than 18 years of age and had accounts in the selected banks were chosen for pilot testing. The respondents dedicatedly filled out the responses and suggested the required changes in the questionnaire. It took around 20-25 minutes on average for the respondents to fill out the responses. Thus, changes suggested were incorporated for the final questionnaire.

3.2.6. Reliability

Reliability is a trait that assures the same result multiple times when a particular method is adopted. If the research techniques adopted produce the same result and are not influenced by external factors then methods are said to be reliable. According to a study by Jaradat and Shakri (2012), *"reliability may be explained as consistency in the results when the instrument recurs again and again. If a questionnaire is put to use on the same population produces similar output, then it is said to be reliable."*

According to Field (2009), *"The most reliable technique to perform reliability test is the chronbac's alpha under which the value ranges from 0-1 and it can be used to determine the reliability of dichotomous type questions, likert scale type questions, ordinal as well as nominal scale type questions."* To find the legitimacy of the research instrument, the minimum value of "cronbach alpha" should not be less than 0.60. If the value gets higher than the threshold limit it is assumed to be a good questionnaire for research and if the value gets lower than 0.70, it is assumed to be a less reliable research instrument.

The cronbach's alpha value of the customer's questionnaire for awareness, perception and willingness to pay was 0.975 thus depicting reliability of all constructs. The value obtained for reliability of questions related to level of awareness was 0.948 and for level of perception was 0.947 thus certifying the reliability of all the statements in the instrument. The value of cronbach's alpha for willingness to pay was 0.899 also certifying the reliability of statements. Hence, all the scales being used in the instrument were reliable for research. The detailed results of the reliability analysis have been presented in 3.2.1.

Table 3.2.1 Reliability Test Values of Level of Awareness, Level of Perception and Willingness to Pay

Construct	Item code	Corrected Items Correlation	Alpha Values if Items Deleted	Cronbach's Alpha	Items Label
Level of Awareness	LA1	.780	.942	0.948	Level of financial protection by Bancassurance
	LA2	.866	.937		Premium amount to be paid in Bancassurance
	LA3	.785	.942		Types of products available in Bancassurance
	LA4	.792	.942		Age limit for taking the Policy
	LA5	.694	.946		Basic documents required for Bancassurance
	LA6	.812	.940		Death benefits provided by Bancassurance
	LA7	.865	.937		Investment component provided by Bancassurance
	LA8	.765	.943		Maturity benefits provided by Bancassurance
	LA9	.786	.942		Tax benefits provided by Bancassurance
Level of Perception	LP1	.050	.949		Bancassurance is a one-stop shop
	LP2	.433	.946		Bancassurance offers a complete portfolio of financial products
	LP3	.498	.946		Banks are easily accessible
	LP4	.500	.946		Banks are more convenient to buy insurance
	LP5	.642	.945		Insurance agents are more suitable to buy insurance
	LP6	.744	.944		I believe that it is easy to pay premiums through banks
	LP7	.644	.945		Insurance agents are easily approachable
	LP8	.732	.944		Banks are more stable than insurance agents
	LP9	.651	.945		I believe that Bancassurance provides greater financial flexibility
	LP10	.551	.946		I trust my bank more than an insurance agent

	LP11	.584	.945	0.947	Banks are more reliable than insurance companies
	LP12	.552	.946		The reputation of bank motivates me to take Bancassurance
	LP13	.614	.945		My bank is safer than insurance companies
	LP14	.473	.946		Insurance agents are less trustworthy
	LP15	.605	.945		I believe my agent more than bank for insurance products
	LP16	.406	.947		I believe Bancassurance is costly as compared to insurance companies
	LP17	.692	.945		I believe that public bank is safer as compared to insurance companies
	LP18	.457	.946		Bancassurance provides me with better premium rates
	LP19	.621	.945		Bancassurance provides me with better claim settlement
	LP20	.532	.946		I believe that Bancassurance is a hassle-free process
	LP21	.469	.946		I believe that Bancassurance is more effective than the traditional distribution method of insurance
	LP22	.648	.945		Banks provide better service than insurance agents
	LP23	.597	.945		Bankers give expert advice
	LP24	.505	.946		I believe that Banks provide information regularly
	LP25	.674	.945		Insurance agent provides relevant information about various policies
	LP26	.537	.946		I believe that Banks understand my needs in a better way

Contd.

	LP27	.580	.946		I believe that agents are more sincere in solving policyholder‘s problems
	LP28	.612	.945		There is always a coordinated & sincere effort to satisfy the customer in my bank
	LP29	.639	.945		There are high service charges in Bancassurance
	LP30	.557	.946		There are many procedural formalities in Bancassurance
	LP31	.383	.947		I believe that Bankers provide manipulative advice
	LP32	.445	.946		I believe that Bancassurance fails to provide personalized service
	LP33	.448	.946		I believe that insurance agents give manipulative advice
	LP34	.547	.946		I believe that my bank offers fewer products as compared to insurance companies
	LP35	.427	.947		I believe insurance through banks is a complex process
	LP36	.614	.945		I have less knowledge about Bancassurance
	LP37	.301	.948		I believe that my bank convinces me to buy other products also
	LP38	.575	.945		There is a lack of clear description of insurance products sold by banks
	LP39	.478	.946		There is a lack of commitment and motivation from bank staff
	LP40	.387	.947		I believe that Bancassurance is still in the infant stage

Contd.

	LP41	.642	.945		Bancassurance will not yield any return, rather it is a money loss
Willingness to Pay	WP1	.613	.889	.899	I will be willing to pay if comprehensive coverage is provided at least cost
	WP2	.736	.879		I will be willing to pay if some contribution is made by the employer
	WP3	.806	.870		I will be willing to pay if Bancassurance is available with the least documentation formalities
	WP4	.738	.877		I will be willing to pay if friends and relatives also take Bancassurance
	WP5	.517	.897		I will be willing to pay if someone suggests about it
	WP6	.731	.878		I will be willing to pay if the bank provides transparent information about Bancassurance
	WP7	.787	.872		I will not be willing to pay because not aware of omni channels in Bancassurance
	WP8	.548	.898		I will be willing to pay if provided with the facility of omni channels in Bancassurance

Source: Author‘s calculation based on primary data

The cronbach's alpha value of banker's questionnaire where factors affecting bankers to adopt bancassurance and challenges faced by bankers was 0.842. The value obtained for factors affecting bankers for adopting bancassurance was 0.910 and for challenges faced by bankers was 0.742 thus certifying the reliability of all the statements in the instrument. Hence, all the scales for the instrument were established to be reliable for research. The results have been presented in 3.2.2. However, there were three constructs under challenges faced by bankers with negative alpha values namely, bancassurance increases competition within banks and insurance companies (-0.57), resistance to change among bank employees (-.486) and difference in selling approaches of bankers and insurers (-.632) thus deleted while drafting the final questionnaire.

Table 3.2.2 Reliability Test Values of Factors affected Bankers to adopt Bancassurance and Challenges

Construct	Item code	Corrected Items Correlation	Alpha Values if Items Deleted	Cronbach's Alpha	Items Label
Factors Affected Bankers	FB1	.414	.911	0.910	Bancassurance increases market share
	FB2	.007	.928		Bancassurance will cover untapped and uninsured population
	FB3	.743	.903		Bancassurance increases bank's turnover
	FB4	.449	.908		Bancassurance increases profitability of the banks
	FB5	.797	.900		Bancassurance can help to reduce NPAs
	FB6	.439	.908		Bancassurance provides assets securitization by selling insurance products
	FB7	.596	.906		Bancassurance minimizes the overall cost of operations

Contd.

	FB8	.579	.906		Less prerequisite of extra capital in Bancassurance
	FB9	.515	.906		Bancassurance reduces the risk of irregular income
	FB10	.800	.904		Less cost of premises for selling Bancassurance
	FB11	.619	.905		Bancassurance helps to gain economies of scale by lowering the cost
	FB12	.552	.906		Low cost to approach customers in Bancassurance
	FB13	.442	.909		Bancassurance facilitates banks to collect non-fund income (commission)
	FB14	.496	.907		Bancassurance provides an efficient distribution channel with higher productivity
	FB15	.206	.912		Readily available database to target retail and corporate clients in Bancassurance
	FB16	.619	.905		Bancassurance increases market penetration by the existing customer base
	FB17	.481	.907		Bancassurance helps in customer retention
	FB18	.496	.907		Bancassurance increases revenue through long-term insurance contracts
	FB19	.928	.900		Bancassurance is better than traditional banking
	FB20	.841	.901		Bancassurance provides various types of financial products
	FB21	.763	.901		Bancassurance promotes the sales-oriented culture
	FB22	.597	.905		The reputation of the bank helps to promote Bancassurance easily
	FB23	.494	.908		Prior relationship with the customers helps in promoting Bancassurance

Contd.

	FB24	.583	.905		Bancassurance is a healthy approach to contest competition
	FB25	.757	.903		Bancassurance aids in improving the productivity of employee
	FB26	.292	.911		Trust and relationship with bank staff help is influencing customers towards Bancassurance
Challenges Faced by Bankers	CB1	-.057	.752	0.742	Bancassurance increases competition with banks and insurance companies
	CB2	.494	.717		It's tedious to convert potential bank customers into insurance customers
	CB3	.750	.681		Multitasking leads to frustration among bankers
	CB4	-.486	.804		Resistance to change among bank employees
	CB5	.833	.682		Clash of interest between bankers and insurers
	CB6	.324	.731		Bankers have less interest to sell bancassurance products
	CB7	.822	.669		Risk of loss of reputation due to low quality of services by insurance companies through bancassurance
	CB8	.195	.740		Delay in claim settlement shatters the confidence of the customer in the bank
	CB9	.782	.685		Difficult to sell Bancassurance due to lack of trust in the private sector
	CB10	.684	.694		Difficulty in selling complex insurance products
	CB11	-.632	.818		Differences in selling approaches of bankers and insurers

Contd.

	CB12	.451	.722		Fewer visits by customers result in a delay in selling insurance
	CB13	.660	.699		Customers don‘t trust their banks for insurance purposes
	CB14	.303	.734		Difficulty in identifying potential customers for insurance purposes
	CB15	.157	.742		The high service cost of non-life insurance products
	CB16	.273	.735		Non-life insurance products require more attention and proper risk management
	CB17	.051	.750		Bancassurance products cannot be customized or tailor-made
	CB18	.432	.724		Lack of incentives remains a major barrier to motivating customers
	CB19	.293	.734		Bancassurance is better than traditional banking

Source: Author‘s calculation based on primary data

SECTION III

3.3. STATISTICAL TECHNIQUES FOR DATA ANALYSIS

3.3.1 Data Envelopment Analysis

According to Charnes et al., 1978 *"the productivity of an organization can be assessed with the help of ideal values of inputs and outputs*". Thus, a non-parametric test can be utilised for evaluating efficiency (Liu et al., 2013). The main supposition of data envelopment analysis is to maximize output with the help of minimizing inputs but on the other hand, it is required to minimize wastage for maximizing optimum outputs (Seiford and Zhu, 2002; Korhonen & Luptacik, 2004; Watanabe & Tanaka, 2007; Cook and Seiford, 2009; Abbaspour et al., 2010). The present study applied models popularly known as CCR and BCC models for finding the efficiency of the bancassurance income of banks. The constant variable to scale model was given by Charnes et al., 1978 and is also termed as CCR Model (Farrell & Pearson, 1957). This model is applicable with the assumption of optimum scale and various facets of imperfect competition, monetary restraints, etc. which may disallow the firm to function optimally. However, BCC model does not assume the same. (Banker et al., 1984). The model can be presented as:

$$\text{Min } h_0 = \theta_0 - \varepsilon[\sum_{i=1}^{m} s^-_i + \sum^{s}_{r=1} S^+_r]$$

Subject to:

$$\sum_{i=1}^{m} x_{ij}\lambda_j + s_j^- = \theta_0 x_{j0} (i=1 \ldots\ldots\ldots\ldots, m) \quad \ldots\ldots (1)$$

$$\sum_{r=1}^{s} y_{rj}\lambda_j + s_j^+ = y_{r0} (r=1 \ldots\ldots\ldots\ldots, s) \quad \ldots\ldots (2)$$

$$\lambda_j \geq 0 \ (j=1\ldots\ldots\ldots\ldots, n),\ s_j^- \geq 0,\ s_r^+ \geq 0, \quad \ldots\ldots (3)$$

Where θ_0 means the competence of DMU_0 whereas yrj means the quantity of rth productions formed by DMU_0 with the help of xij amount of ith contribution. Both yrj and xij are exogenic variable quantity and λj signifies the standards for a

detailed DMU under evaluation. Slack variables are characterized by si and sr. BCC Model can be written as

$$\text{Min } h_0 = \theta_0 - \varepsilon[\sum_{i=1}^{m} s^-_i + \sum_{r=1}^{s} S^+_r]$$

Subject to:

$$\sum_{i=1}^{m} x_{ij}\lambda_j + s_j^- = \theta_0 x_{j0} (i=1 \ldots\ldots\ldots\ldots, m) \quad \ldots\ldots (4)$$

$$\sum_{r=1}^{s} y_{rj}\lambda_j + s_j^+ = y_{r0} (r=1 \ldots\ldots\ldots\ldots, s) \quad \ldots\ldots (5)$$

$$\sum \lambda_j \geq 1 \ (j=1 \ldots\ldots\ldots\ldots, n),\ s_j^- \geq 0,\ s_r^+ \geq 0, \quad \ldots\ldots (6)$$

3.3.2 Malmquist Index

The malmquist index was applied to examine the change in efficiency (EC), technological change (TC), change in pure technology (PTEC), change in scale efficiency (SEC) and change in total factor productivity (TFPC) of the bancassurance business in shortlisted public as well as private-sector banks. To examine the productivity growth, malmquist productivity index method has been applied. However, change in technical efficiency and progress of technology were estimated with the help of this method. The total factor productivity distinction enumerated by the method for the period t and t+1 was described as

$$M_0^t (x^{t+1}, y^{t+1}, x^t, y^t) = \frac{D_0^t (x^{t+1}, y^{t+1})}{D_0^t (x^t, y^t)} \quad \ldots\ldots (1)$$

And for the period t+1 was given as

$$M^t_0 (x^{t+1}, y^{t+1}, x^t, y^t, x^t, y^t) = \frac{D^t_0 (x^{t+1}, y^{t+1})}{D^t_0 (x^t, y^t)} \quad \ldots\ldots (2)$$

The Malmquist productivity index can be written as

$$M_0 (x^{t+1}, y^{t+1}, x^t, y^t, x^t, y^t) = \frac{D^t_0 (x^{t+1}, y^{t+1})}{D^t_0 (x^t, y^t)} \sqrt{\frac{D^t_0 (x^{t+1})}{D_0^{t+1} (x^{t+1})} \quad \frac{Dt_0 (x^t, y^t)}{D_0^{t+1} (x^{t+1})}} \quad \ldots\ldots (3)$$

As per this equation, the first half depicts the change in technical efficiency

$$\text{Technical Efficiency change= EC=} \frac{D_0^{t+1}(x^{t+1}, y^{t+1})}{D_0^t(x^t, y^t)} \quad \text{..... (i)}$$

However, second half portion of the equation depicts the technological change

$$\text{Technological Change = TC} = \sqrt{\frac{D^t{}_{00}(x^{t+1})}{D_0^{t+1}(x^{t+1})_0} \frac{Dt_0(x^t, y^t)}{D^{t+1}(x^{t+1})}} \quad \text{..... (ii)}$$

3.3.3 Autoregressive Integrated Moving Average

The method is applicable in market prediction and given by Box and Jenkins in the year 1970. There are three combination models which are part of the ARIMA model. The first one is autoregressive (AR), followed by integrated (I) and third is moving average (MA) (Awajan et al., 2017; Hossain et al., 2020). To estimate the ARIMA model, certain consecutive steps are followed including recognition of the model, followed by assessing variables, selecting a model and testing model and thereafter forecasting (Ngan, 2016).

I. Recognition of Model

To recognize the model, AR (autoregressive) can be denoted as p, I (integrated) can be denoted as d and MA (moving average) can be denoted as q. Therefore, to apply ARIMA model p, d, q needs to be defined first. A stationary test of time series can be used to find the integrated part of the model. If the time succession is integrated at level 0, difference will be I (d= 0) and if at level 1, difference will be I (d=1) and if it is integrated at the second level then the difference will be I (d=2). The value of p and d can be estimated using ACF (autocorrelation function) and PACF (partial correlation function).

II. Assessing Variables and Selection of Model

All the variables of the model were assessed with EViews. The selection of model, values of adjusted R-squared and p-value of the model were compared and model with p-value less than 0.05 are chosen was the best model for forecasting.

III. Testing of the Model

The autocorrelation errors were verified using Breusch-Godfrey test. The repetition of second step was done in cases where there was autocorrelation between the errors.

IV. Forecasting of the Model

Under this step, ARIMA model is defined as ARIMA (1,1,1)

$$\Delta_{ut} = p\,\Delta u_{t-1} + \varepsilon_t + \theta^{\varepsilon t-1} \quad \text{..... (1)}$$

Where $\Delta ut = u_t - u_{t-1}$ and $\Delta u_{t-1} = u_{t-1} - u_{t-2}$ were the first difference between u_i.

ARIMA (2,2,2) was measured as

$$\Delta^2_{ut} = p\,\Delta^2_{ut-1} + {}_p\Delta^2_{ut-2}\,\varepsilon_t + \theta^{\varepsilon t-1} + \theta^{\varepsilon t-2} \quad \text{..... (2)}$$

Where, $\Delta^2 ut = u_t - u_{t-1} - u_{t-2}$, $\Delta^2 ut-1 = u_{t-1} - u_{t-2} - u_{t-3}$ and $\Delta^2 u_{t-2} = u_{t-2} - u_{t-3} - u_{t-4}$ are the second difference of u_t.

ARIMA (p, d, q) was given as of

$$\Delta^d_{ut} = p\,\Delta^d_{ut-1} + Pp\Delta^{\,d}_{ut-p} + \varepsilon_t + \theta_{1\varepsilon t-1} + \ldots.\ \theta_{q\varepsilon t-q} \quad \text{..... (3)}$$

Where, Δ^d indicated the d^{th} difference in u_i.

3.3.4 Chi-Square

A statistical measure that estimates the variation between expected and observed incidences of the outcomes of a set of events is known as chi-Square. The test is applied to examine the association between two or more than two variables that are categorical. The chi-square test was applied in the present study to understand the association between various socio-demographic variables (gender, age, income, etc.) and awareness about bancassurance. The Phi and Cramer's V values are also determined to know the strength of association between the variables.

$$\chi 2 = \frac{\sum (Oi - Ei)^2}{Ei}$$

Whereas,

O*i* = Observed Frequency

E*i* = Expected Frequency

3.3.5 Exploratory Factor Analysis

The technique used to reduce the dimensionality associated with the observed phenomena to a considerable extent is termed as exploratory factor analysis (Narsis, 2022). Factor analysis leads to a parsimonious situation in the sense that the factors extracted (which are usually much less in number than the number of the items) are capable of explaining a major chunk of the dispersion existent in available in collected information. The basic idea behind applying this analysis is to bring down the dimensionality of the data set without sacrificing much of the information. The main objective was to extract a few numbers of factors to ensure simplification in the structure of the data set (with reduced dimensionality).

$$Y_i = b_1 X_{1j} + b_2 X_{2i} + \ldots.. + b_n X_{mi} + \varepsilon_i$$

$$\text{Factor}_i = b_1 \text{ Variable } 1_i + b_2 \text{ Variable } 2_i + \ldots. + b_n \text{ Variable}_{mi} + \varepsilon_i$$ b in the above equation represents the factor loadings

3.3.6 Confirmatory Factor Analysis

CFA provides a calculative model that is made on the basis of structural equation modelling. It was applied making use of means as well as variance- covariance matrix rather than the correlation matrix. Moreover, it is also an inferential model that permits the statistical testing of parameters of the model. To examine whether the extracted factors have indeed represented the available data set appropriately or not the use of the confirmatory factor analysis (CFA) technique was done. The factors extracted (i.e., the latent variables) were firstly named as were required for the application of technique depending upon the composition of the factors and then significance of all the factors extracted was checked at different levels.

3.3.7 Probit Regression

Under probit analysis, two values viz., 0 and 1 and taken in to consideration for the Y variable which is by nature dependent variable (Chambers & Cox, 1967; Giesbert et al., 2011; Greene, 2014). For the purpose of probit analysis, value of Y is determined as:

$$Y_i^* = \beta_0 + B_{ix1i} + B_{2x2i} + \ldots. + B_{kxki} + u_i \quad \ldots\ldots (1)$$

where,

$Y_i = 1 \;\; if \;\; Y_i^* > 0$

$Y_i = 0$, otherwise.

However, independent variables such as $x_1, x_2, \ldots x_k$ signify the random variables and the term _u' stands for the disturbance term, which accounts for the non-exactness of the model.

Using equation (1)

$$\Pr (Y_i = 1) = \Pr (\beta_0 + B_1 x_{1i} + \beta_2 x_{2i} + \ldots + \beta_k x_{ki} + u_i > 0) \quad \ldots\ldots (2)$$

By rearranging, equation will be

$$\Pr (Y_i = 1) = \Pr (u_i > - (\beta_0 + \beta_1 x_{1i} + \beta_2 x_{2i} + \ldots + \beta_k x_{ki}))$$

$$= 1 - \Pr(u_i < - (\beta_0 + \beta_1 x_{1i} + \beta_2 x_{2i} + \ldots + \beta_k x_{ki}))$$

$$= 1 - F (-(\beta_0 + \beta_1 x_{1i} + \beta_2 x_{2i} + \ldots + \beta_k x_{ki})) \quad \ldots\ldots (3)$$

where, cumulative density function is denoted by F for variable u and it is assumed that u is normally distributed.

$$\Pr (Y_i = 1) = 1 - \Phi (- (\beta_0 + \beta_1 x_{1i} + \beta_2 x_{2i} + \ldots + \beta_k x_{ki}))$$

$$= 1 - \Phi (- X_i \beta)$$

$$= \Phi (X_i \beta) \quad \ldots\ldots (4)$$

where, Φ represents the cumulative normal distribution function.

Two subsequent stages were followed in the analysis. In the initial stage all the aforementioned explanatory variables were taken into consideration. In this iteratively carried out analysis, certain important variables (from the point of view of their effect on the study variable) were included and certain other redundant variables were left out successively in such a manner that a balance is struck between simplicity and explanatory power in the finally obtained equation. The results obtained through the step-wise analysis were assigned higher importance vis-a-vis the results obtained through the usual analysis.

3.3.8 Principal Component Analysis

This is an important dimensionality reduction technique which aims at summarizing patterns of correlations to lessen a large number of variables to a meagre

count of groups. The analytical methodology lies in producing several linear combinations among the study variables.

The analytical methodology lies in producing several linear combinations among the study variables. Let the *intercorrelation matrix* among the p study characters be written

as: $$R = \begin{pmatrix} 1 & r_{12} \cdots & r_{1p} \\ r_{21} & 1 \cdots & r_{2p} \\ \vdots & \vdots & \vdots \\ r_{p1} & r_{p2} \cdots & 1 \end{pmatrix},$$

where r_{ij} stands for the usual correlation coefficient b/w i^{th} and j^{th} parameters (i, j = 1, …, p). From this matrix, a system of linear transformations can be written as follows:

$$\begin{aligned} P_1 &= c_{11}X_1 + c_{12}X_2 + \cdots + c_{1p}X_p \\ P_2 &= c_{21}X_1 + c_{22}X_2 + \cdots + c_{2p}X_p \\ &\vdots \\ P_p &= c_{p1}X_1 + c_{p2}X_2 + \cdots + c_{pp}X_p \end{aligned}$$

The new set of variables P_1, P_2, …, Pp will be called *Principal Components*, if the transformations are *orthogonal* (or, independent). The orthogonality will be ensured if the coefficients c_{ij}s satisfy two conditions:

(a) For each of the above-transformed equations, the *sum of squares* of the coefficients should be equal to 1. For instance, for the 1st equation, $\sum_{i=1}^{p} c_{1i}^2 = 1$

(b) For a given pair of equations, *the sum of the products* of the coefficients should be equal to zero. For instance, for the 1st and the 2nd equations, $\sum_{i-1}^{p} c_{1i}\, c_{2i} = 0$

SECTION IV

3.4. LIMITATIONS

3.4.1. Limitations of the Study

1. The present work was restricted to five districts of Punjab i.e., Amritsar, Jalandhar, Patiala, Sangrur and Ludhiana and the sample size was limited to 536 respondents.
2. Dependent variable taken for the study was dichotomous in nature and measured as willing to pay for bancassurance or not. It becomes sometimes difficult to assume that people will go for dichotomous choices.
3. Although extreme attention was given while selecting inputs as well as output variables for measuring the productivity and efficiency of bancassurance business, still addition of few more variables might influence the results.
4. Selection of banks was done taking into consideration the high and low bancassurance income. However, inclusion of all public and private sector banks can provide better results.
5. Due to cultural, geographical and socio-economic inequalities the outcomes are mere suggestions which may or may not be applicable to the whole country.

CHAPTER IV

GROWTH PATTERN AND RECENT TRENDS OF BANCASSURANCE IN INDIA

Bancassurance signifies the junction of insurance and banking companies (Bergendahl, 1995; Chen and Tan, 2011; Chen, 2019; Dua et al., 2019). This term originated in France and consists of dissemination of insurance products through banking channels (Morgan et al., 1994; Bergendahl, 1995; Benoist, 2002; Agbo and Nwankwo, 2020). The life insurance sector has been expanding at a swift speed since the time bancassurance has started in India in the year 2000 (Kramaric et al., 2019; Abiyyu et al., 2020). The dispersion of insurance products has endured a pattern change as organisations selling insurance services are trying to fetch customers for their products by using other's premises and resources and making their products available at the most general financial point i.e., bank branches situated in remote as well as non-remote areas (Peng et al., 2017; Nithya and Chitra, 2019; Afifah and Yonnedi, 2023). However, bancassurance market in India has reached US$ 92.6 billion in the year 2022. The bancassurance market is anticipated to touch US$ 140.5 billion in 2028 with a growth of 7.1 percentage in 2023-28 (IMARC, 2022).

According to IMAI Report (2021) it was found that the contribution of bancassurance in India has risen from 27 percent to 56 percent from 2011 to 2019. Whereas, sales of insurance through agents in the same years have diminished from 42 percentage to 24 percentage. It was found that the bancassurance channel produced $3/4^{th}$ of its premium income through the sale of unit linked insurance plans. Before inception of COVID-19, insurance companies in India were relying majorly on bancassurance for boosting their sales (Sengupta, 2021). The success of bancassurance has been able to make a good relationship between bankers and customers (Nanda, 2020; Saputra and Wicaksono, 2020; Narsis, 2022). Thus, banks need to strive in their steps towards bancassurance (Clipici and Bolovan, 2012; Marzai, 2018; Nithya and Chitra, 2019; Halima and Wepukhulu, 2020). The present chapter studied the recent trends and growth patterns of bancassurance in India. The chapter was segmented into three sections. Section I discussed the growth patterns of bancassurance in India followed by next section that highlighted recent trends of the same in India. Section III concludes the whole discussion.

SECTION I

4.1 GROWTH PATTERN OF BANCASSURANCE IN INDIA

4.1.1 Registered Insurers and Reinsurers

More than 200 years old insurance industry of India has witnessed several ups and downs. Initially there was private sector regulation in the country followed by public sector regulation and then again, a shift towards privatization was initiated (Singh and Kumar, 2005; Pallavi and Rai, 2022). The insurance industry has experienced considerable growth in terms of registered insurers, insurance premiums, number of policies and claims, etc. As per the reports of IRDA (2021-22) a total of 67 registered insurers in India. There is total 24 registered life insurers and 26 general insurers combining from both the sectors. The remaining insurers are either registered as stand-alone health insurers or re-insurers. Out of 26 registered general insurers only 6 are registered under the public sector and 20 are registered under the private sector (Table 4.1.1).

Table 4.1.1 Registered Insurers and Reinsurers (2021-22)

Type of Insurer	Public Sector	Private Sector	Total
Life Insurers	1	23	24
General Insurers	6	20	26
Stand-alone Health Insurers	-	5	5
Re-insurers	1	11	12
Total	8	59	67

Source: IRDA Annual Report (2021-22)

4.1.2 Segment-Wise Premium Underwritten by Life Insurers

The growth of the insurance sector in India can be observed through the premiums underwritten by life and general Insurers. It was observed that there was

10.70 percent growth in life insurers segment, whereas pension segment and variable segment recorded a growth of 13.38 percent and 34.66 percent respectively while the annuity segment along with health segments observed a fall in percentage by 11.83 percent and 2.68 percent respectively during the year 2021-22. Majority of Indian population is young and 55 percent falls under the group of 20-59 years i.e., the working population. Therefore, increased awareness for need of insurance among youth, evolving customer's preference have contributed in the growth of sector (Dhanuka, 2023; Kapoor, 2023)

Table 4.1.2. Segment-wise Premium Underwritten by Life Insurers (in crore)

(2021-22)

Segment	Premium		Growth (in %)
	2020-21	2021-22	
Annuity	31,594.43	27,855.71	-11.83
Health	819.65	797.68	-2.68
Life	4,82,676.61	5,34,303.71	10.70
Pension	1,09,829.58	1,24,525.52	13.38
Variable	3,810.77	5,131.51	34.66
Total	6,28,731.04	6,92,614.14	

Source: IRDA Annual Report (2021-22)

4.1.3 Segment-Wise Premium Underwritten by General Insurers

It was observed from table 4.1.3 that the premium underwritten by health insurers reported a growth of 26.27 percent 2021-22. Whereas, the motor segment has reported a positive growth percentage of 3.90 percent. A growth of 19.48 percent was observed in the marine segment. However, other segments including fire also reported a growth of 7.15 percent and 1.10 percent respectively in 2021-22. Ayushman Bharat PM-JAY is among the largest health insurance scheme in world. COVID-19 has augmented the demand for health insurance products by increasing awareness for protection products, especially health products (Dhanuka, 2023; Kapoor, 2023).

Table 4.1.3 Segment-wise Premium Underwritten by General Insurers (in crore) (2021-22)

Segment	Premium		Growth (in %)
	2020-21	2021-22	
Fire	20,112.89 2	21,551.03	7.15
Marine	3,488.09	4,167.61	19.48
Motor	67,792.19	70,433.48	3.90
Health	63,752.97	80,502.27	26.27
Others	43,568.58	44,045.82	1.10
Total	1,98,714.72	2,20,700.21	

Source: IRDA Annual Report (2021-22)

4.1.4 Insurance Penetration in India

Insurance penetration and density are the two main parameters through which the growth and development of insurance in the country can be examined. Nevertheless, swift development in the number of registered insurers and premiums underwritten has been observed, still, the penetration of insurance in India is low. The insurance penetration in India was 4.2 percent in the year 2021-22 and the same as 2020-21. Globally if compared, India was ranked at 27th position in terms of insurance penetration in the year 2021-22 (IRDA Annual Report, 2021-22). However, increased inflow of capital, increased valuation, easy entry of small and niche insurers, increase in foreign direct investment, introduction of general insurance business amendment bill, investment by government for development of industry etc. can be considered for increased penetration of Insurance in India in recent years (Mishra, 2023).

Table 4.1.4 Penetration of Insurance in India (2021-22)

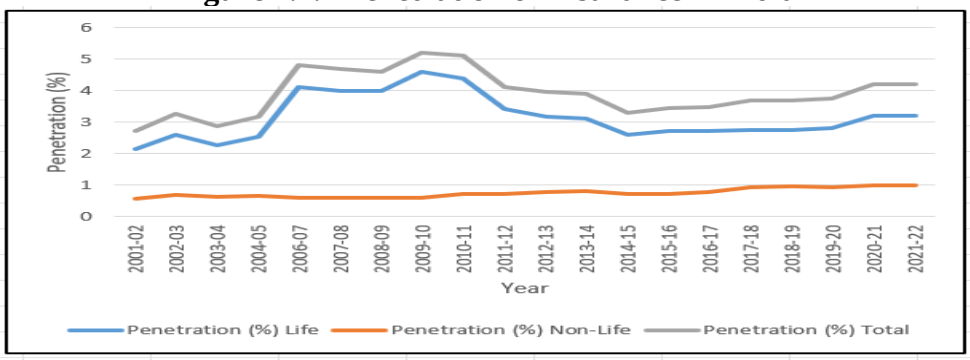
Year	Penetration (%)		
	Life	Non-Life	Total
2001-02	2.15	0.56	2.71
2002-03	2.59	0.67	3.26
2003-04	2.26	0.62	2.88
2004-05	2.53	0.64	3.17
2006-07	4.10	0.60	4.80
2007-08	4.00	0.60	4.70
2008-09	4.00	0.60	4.60
2009-10	4.60	0.60	5.20
2010-11	4.40	0.71	5.10
2011-12	3.40	0.70	4.10
2012-13	3.17	0.78	3.96
2013-14	3.10	0.80	3.90
2014-15	2.60	0.70	3.30
2015-16	2.72	0.72	3.44
2016-17	2.72	0.77	3.49
2017-18	2.76	0.93	3.69
2018-19	2.74	0.97	3.70
2019-20	2.82	0.94	3.76
2020-21	3.20	1.00	4.20
2021-22	3.20	1.00	4.20

Source: IRDA Annual Report (2020-21)

The penetration of insurance in India in last two decades has been depicted with the help of figure 4.1.1. It can be seen that initially there was increase in the percentage of penetration from 2001-02 to 2009-10 except in 2003-04 when it was recorded at 2.88

percent. However, since 2010-11 to 2016-17, rate of penetration has witnessed decline whereas, it again started increasing from 2017-18 to 2020-21. In 2021-22, the rate of penetration was observed to be same as of previous year.

Figure 4.1.1 Penetration of Insurance in India



Source: Author's construction based on secondary data collected from IRDA Report (2021-22)

4.1.5 Insurance Density in India

The density of insurance has shown consistent growth from 2001-02 to 2021-22 as shown in table 4.1.5. However, in 2021-22 the insurance density recorded was US$ 91 and has shown increase from 2020-21 in which the density was US$ 78. Globally India is ranked on a 28th position (IRDA Annual Report, 2021-22). From the last two decades, Indian insurance industry has witnessed remarkable growth in density level due to several reasons such as increase of private sector involvement, improved distribution strategies, momentous growth in operating efficiency etc. (Mishra, 2023).

Table 4.1.5 Density Level of Insurance in India (2021-22)

Year	Density (US$)		
	Life	Non-Life	Total
2001-02	9.10	2.40	11.50
2002-03	11.70	3.00	14.70
2003-04	12.90	3.50	16.40
2004-05	15.70	4.00	19.70
2006-07	33.20	5.20	38.40
2007-08	40.40	6.20	46.60
2008-09	41.20	6.20	47.40
2009-10	47.70	6.70	

Contd.

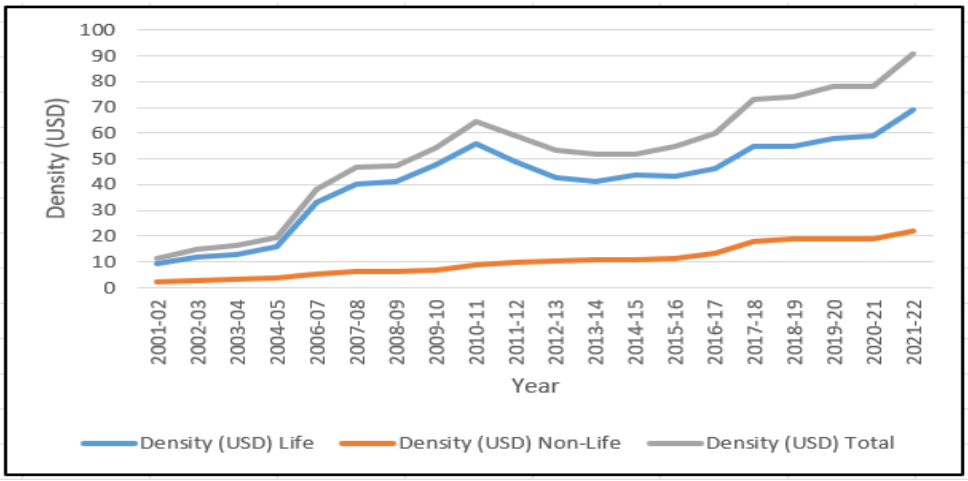
2010-11	55.70	8.70	64.40
2011-12	49.00	10.00	59.00
2012-13	42.70	10.50	53.20
2013-14	41.00	11.00	52.00
2014-15	44.00	11.00	52.00
2015-16	43.20	11.50	54.70
2016-17	46.50	13.20	59.70
2017-18	55.00	18.00	73.00
2018-19	55.00	19.00	74.00
2019-20	58.00	19.00	78.00
2020-21	59.00	19.00	78.00
2021-22	69.00	22.00	91.00

Source: IRDA Annual Report (2020-21)

The density level of insurance in India has been depicted with the help of figure

4.1.2. It has been observed that density level of insurance in India has witnessed growth from 2001-02 to 2010-11 whereas graph declined in next three years viz. 2011-12, 2012-13 and 2013-14. However, since 2014-15 to 2021-22 density of insurance has increased in India.

Figure 4.1.2 Density Level of Insurance in India



Source: Author's construction based on secondary data collected from IRDA Report (2021-22)

4.1.6 Corporate Agents Linked with Insurance Business

Table 4.1.6 shows the tying up of insurance with different corporate agents for soliciting and servicing insurance business products can be beneficial for banks as well as insurance companies (Karunagaran, 2006; Rajput, 2013). According to IRDA Annual Report, 2021-22, a total of 602 active corporate agents including 253 banks and 349 non-banking financial corporations, cooperative societies, limited liability partnership firms and other eligible firms were agents for selling insurance.

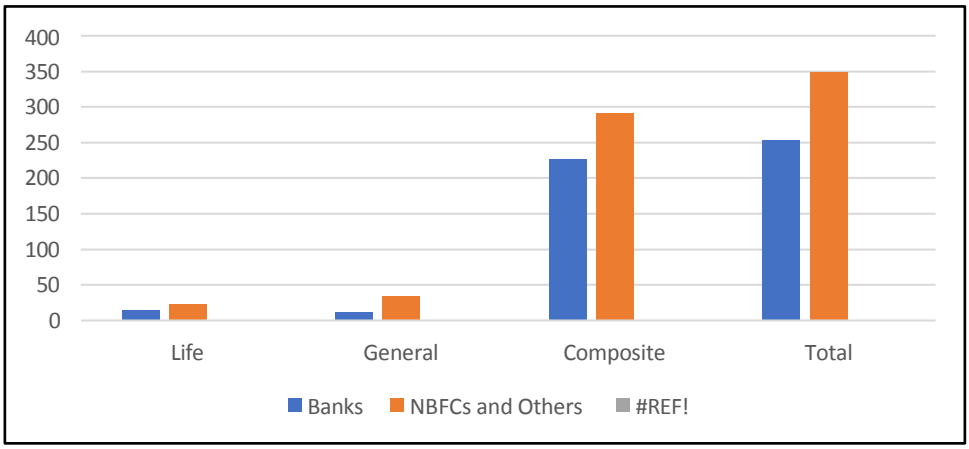
Table 4.1.6 Corporate Agents Linked with Insurance Business (2021-22)

Category	Banks	NBFCs and Others	Total
Life	15	23	38
General	12	34	46
Composite	226	292	518
Total	253	349	602

Source: IRDA Annual Report (2021-22)

It can be seen in figure 4.1.3 that the proportion of banks is less in all the categories of corporate agents associated with insurance sector. The maximum contributors in each category are NBFCs and others.

Figure 4.1.3 Corporate Agents Linked with Insurance Sector



Source: Author's construction based on secondary data collected from IRDA Report (2021-22)

4.1.7 Share of Different Distribution Channels in Individual New Business Premium

Table 4.1.7 depicts the growth of bancassurance in the business premium collected by life insurers through different modes. The different channels of distribution of life insurance in India for 2012-13 to 2021-22 were considered for present analysis. It was observed through the table 4.1.7 that the contribution of banks in new business premiums of life insurers in the last ten years has witnessed growth due to private sector involvement, increased operating efficiency, improved distribution strategies, increased awareness due to pandemic (Dhanuka, 2023; Kapoor, 2023; Mishra, 2023).

It was observed that individual agents were used to be the dominating sector for insurance distribution. In 2012-13, the contribution of individual agents was 77.53 percent. However, the share of banks in insurance industry was 16.18 percent only. All the other channels existing in 2012-13 were contributing to the total of 6.31 percent only. In 2013-14, similar picture was existing. Individual agents were the dominating channel for distribution of insurance with 78.40 percent contribution and on the other hand, banks' contribution reduced to 15.62 percent. The share of all the other existing channels also reduced to 6.01 percent. In the year 2014-15, a change in direction of contribution through banks and individual agents was observed. The contribution of individual agents declined to 71.42 percent however, the contribution of banks increased to 20.84 percent. The contribution of all other miscellaneous channels was 7.741 percent only. In the year 2015-16 again, the contribution of individual agents reduced to 68.27 percent whereas contribution of banks increased to 23.82 percent. In this year, online channels also contributed 0.52 percent in overall insurance business. However, other miscellaneous channels contributed to the extent of 7.42 percent only. Therefore, it can be implied that after 2014-15, the share of individual agents started declining from the year 2014-15 and share of banks in insurance business started to grow from the same year.

Table 4.1.7 Share of different Distribution Channels in Individual New Business Premium of Life Insurers

Years	Insurer	Private	LIC	Total
2012-13	Individual Agents	39.68	95.86	77.53
	Banks	43.08	3.16	16.18
	Others	6.04	0.15	2.07
	Brokers	5.05	0.02	1.66
	Direct Selling	6.14	0.82	2.55
	Referrals	0.10	-	0.03
	Total	100	100	100
2013-14	Individual Agents	40.08	95.99	78.40
	Banks	43.62	2.77	15.62
	Others	4.00	0.10	1.33
	Brokers	4.91	0.02	1.56
	Direct Selling	7.38	1.12	3.09
	Referrals	0.10	0.00	0.03
	Total	100	100	100
2014-15	Individual Agents	35.73	95.97	71.42
	Banks	47.37	2.60	20.84
	Others	3.35	0.12	1.44
	Brokers	4.49	0.02	1.84
	Direct Selling	9.06	1.24	4.42
	Micro Insurance Agents	0.003	0.05	0.03
	Common Service Centres	0.001	0.00	0.001
	Referrals	0.04	0.00	0.01
	Total	100	100	100
2015-16	Individual Agents	31.90	96.50	68.27
	Banks	51.70	2.18	23.82
	Others	3.00	0.14	1.39
	Brokers	3.64	0.02	1.60
	Direct Selling	8.65	1.03	4.36
	Micro Insurance Agents	0.01	0.06	0.04
	Common Service Centres	0.004	0.00	0.002

Contd.

Years	Insurer	Private	LIC	Total
	Web Aggregators	0.00	0.00	0.00
	Insurance Marketing Firms	0.00	0.00	0.00
	Online	1.10	0.07	0.52
	Referrals	0.06	0.00	0.03
	Total	100	100	100
2016-17	Individual Agents	30.09	95.99	68.79
	Banks	53.50	2.39	23.48
	Others	3.01	1.00	1.30
	Brokers	2.98	0.04	1.25
	Direct Selling	9.11	1.33	4.54
	Micro Insurance Agents	0.01	0.03	0.02
	Common Service Centres	0.005	0.00	0.002
	Web Aggregators	0.14	0.00	0.06
	Insurance Marketing Firms	0.04	0.00	0.02
	Online	1.13	0.12	0.54
	Point of Sales	0.00	0.00	0.00
	Referrals	0.08	0.00	0.03
	Total	100	100	100
2017-18	Individual Agents	27.87	95.59	65.93
	Banks	54.15	2.61	25.19
	Others	2.92	0.07	1.32
	Brokers	2.87	0.05	1.28
	Direct Selling	10.91	1.47	5.6
	Micro Insurance Agents	0.00	0.03	0.02
	Common Service Centres	0.01	0.00	0.002
	Web Aggregators	0.17	0.00	0.07
	Insurance Marketing Firms	0.08	0.01	0.04
	Online	1.03	0.16	0.54
	Point of Sales	0.00	0.00	0.001
	Referrals	0.01	0.00	0.004
	Total	100	100	100
2018-19	Individual Agents	25.58	95.81	62.26
	Banks	53.8	2.49	27.03

Years	Insurer	Private	LIC	Total
	Others	82.87	0.09	1.42
	Brokers	2.94	0.04	1.42
	Direct Selling	12.08	1.24	6.42
	Micro Insurance Agents	0.002	0.04	0.02
	Common Service Centres	0.00	0.00	0.002
	Web Aggregators	0.35	0.00	0.17
	Insurance Marketing Firms	0.11	0.02	0.06
	Online	2.07	0.27	1.13
	Point of Sales	0.118	0.00	0.056
	Referrals	0.06	0.00	0.03
	Total	100	100	100
2019-20	Individual Agents	24.63	94.74	60.09
	Banks	52.70	2.78	27.45
	Others	3.03	0.08	1.54
	Brokers	3.36	0.05	1.68
	Direct Selling	13.09	1.44	7.19
	Micro Insurance Agents	0.002	0.43	0.22
	Common Service Centres	0.003	-	0.001
	Web Aggregators	0.54	-	0.27
	Insurance Marketing Firms	0.11	0.03	0.07
	Online	2.46	0.45	1.45
	Point of Sales	0.08	-	0.04
	Referrals	0.04	-	0.02
	Total	100	100	100
2020-21	Individual Agents	23	93.87	58.14
	Banks	54.55	3.07	29.03
	Others	3.31	0.11	1.72
	Brokers	2.83	0.06	1.46
	Direct Selling	12.99	1.12	7.10
	Micro Insurance Agents	-	0.63	0.31
	Common Service Centres	0.01	-	0.01
	Web Aggregators	0.67	-	0.34
	Insurance Marketing Firms	0.23	0.05	0.14

Years	Insurer	Private	LIC	Total
	Online	2.31	0.83	1.58
	Point of Sales	0.1	-	0.05
	Referrals	0.02	-	0.01
	Total	100	100	100
2021-22	Individual Agents	22.87	96.26	55.01
	Banks	54.79	2.63	31.94
	Others	3.44	0.09	1.96
	Brokers	3.41	0.05	1.94
	Direct Selling	12.59	0.19	7.16
	Micro Insurance Agents	0.04	0.47	0.23
	Common Service Centres	0.01	-	0.01
	Web Aggregators	0.33	-	0.19
	Insurance Marketing Firms	0.18	0.14	0.17
	Online	2.29	0.16	1.36
	Point of Sales	0.05	0.01	0.03
	Referrals	0.02	-	0.01
	Total	100	100	100

Source: Author's construction based on secondary data collected from IRDA Report (2021-22)
Note: Figures in percentage

However, in 2016-17, a slight increase in the contribution of individual agents was observed from 68.27 percent to 68.79 percent and also decrease in contribution of banks was found to 23.48 percent from 23.82 percent in 2015-16. However, online channels contributed 0.54 percent in the particular year. All other channels contributed 7.22 percent in total for the business of insurance. However, in 2017-18 again, the share of contribution of individual agents declined by approximately 3 percent and reached to 65.93 percent. Whereas, contribution of banks increased by approximately 2 percent and reached to 25.19 percent. There was no change observed in contribution of online channels for insurance business. In the year 2018-19, the contribution of individual agents reduced to 62.26 percent and contribution of banks increased to 27.03 percent. The contribution of online channels of insurance distribution observed a growth of 0.59 percent and reached to 1.13 percent thus depicting growth in contribution for insurance business.

In the year 2019-20, share of individual agents again reduced to 60.09 percent and banks observed growth in their contribution by 0.42 percent and reached to 27.45 percent. However, contribution of online channels again increased to 1.45 percent from 1.13 percent in 2018-19. In 2020-21, the contribution of individual agents was observed at 58.14 percent thus depicting a decline of 1.95 percent from previous year whereas, the contribution of banks was 29.03 percent thus depicting a growth of 1.58 percent from previous year. The contribution of online channels was 1.58 percent showing a slight growth in their contribution for insurance business. In 2021-22, the share of insurance agents reduced to 55.01 percent and contribution of banks increased to 31.94 percent whereas, online channels contribution was 1.36 percent. All the other miscellaneous channels contributed up to 11.7 percent in total for insurance business. Thus, percent change in all the years depicts that contribution of individual agents has declined in past one decade in comparison to contribution of banks which has observed growth over the years. Although, contribution of online channels has been very less in comparison to individual agents and banks still, growth in their share has been observed in recent years which might increase in coming years.

SECTION II

4.2 EFFICIENCY OF BANCASSURANCE BUSINESS IN PUBLIC AND PRIVATE BANKS IN INDIA

4.2.1 Trends in Efficiency of Bancassurance of Public and Private Sector Banks

This section of the chapter studies the technical efficiency of the bancassurance business of banks in India using DEA (data envelopment analysis) technique. The technique has been applied to estimate technical efficiency scores for 12 public sector banks and 19 private sector banks for the years 2009-10 to 2021-22 using CCR and BCC model with one output and three input variables. The bancassurance income of the banks was considered as one variable depicting productivity and the number of branches, number of employees and total assets were considered as another variables depicting involvements for the study.

4.2.1.1 Comparative Efficiency Analysis of Bancassurance Business in Public and Private Sector Banks in India

4.2.1.1.1 Bank-Wise Analysis

The bank-wise technical efficiency analysis has been shown in Table 4.2.1 by using three inputs and one output with the help of DEA.

Table 4.2.1 Bank-Wise Efficiency Analysis of Bancassurance Business of Public and Private General Insurance Companies (2010 to 2021)

Indicators	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Mean
Public Sector Banks													
Bank of Baroda													
Charnes–Cooper–Rhodes	0.0005	0.0004	0.0004	0.0003	0.0006	0.0006	0.0007	0.0001	0.0017	0.002	0.0003	0.0005	0.0007
Banker–Charnes–Cooper	0.0719	0.0797	0.0633	0.054	0.051	0.0493	0.0478	0.0467	0.0455	0.0268	0.0298	0.0305	0.0514
Scale Efficiency	0.0072	0.0052	0.0068	0.007	0.0134	0.0011	0.0166	0.0035	0.0383	0.0752	0.0102	0.0164	0.0167
Bank of India													
Charnes–Cooper–Rhodes	0.0005	0.0005	0.0006	0.0016	0.0012	0.0001	0.0015	0.0001	0.0014	0.0018	0.0002	0.0003	0.0008
Banker–Charnes–Cooper	0.0717	0.0757	0.064	0.1327	0.055	0.0524	0.0526	0.0504	0.0495	0.0492	0.0483	0.0489	0.0625
Scale Efficiency	0.0071	0.0069	0.0094	0.0124	0.0227	0.0028	0.0286	0.0035	0.0295	0.0383	0.0052	0.0075	0.0144
Bank of Maharashtra													
Charnes–Cooper–Rhodes	0.0002	0.0002	0.0004	0.0004	0.0007	0.0001	0.0006	0.0001	0.0012	0.0014	0.0002	0.0003	0.0005
Banker–Charnes–Cooper	0.2035	0.2423	0.1808	0.1692	0.1612	0.1587	0.1563	0.1457	0.1381	0.1377	0.1279	0.1357	0.163
Scale Efficiency	0.0013	0.0012	0.0022	0.0027	0.0046	0.0005	0.0042	0.0007	0.0092	0.0106	0.0017	0.0026	0.0034
Canara Bank													

Charnes–Cooper–Rhodes	0.0008	0.0005	0.0004	0.0005	0.0009	0.0001	0.001	0.0001	0.0021	0.0026	0.0003	0.0005	0.0008
Banker–Charnes–Cooper	0.0731	0.081	0.0737	0.0561	0.0475	0.0455	0.0432	0.0442	0.0406	0.0402	0.0236	0.0258	0.0495
Scale Efficiency	0.0109	0.0062	0.0066	0.0091	0.0193	0.0018	0.0244	0.0042	0.0524	0.0659	0.0158	0.0227	0.0199
Central Bank of India													
Charnes–Cooper–Rhodes	0.0002	0.0003	0.0004	0.0004	0.0007	0.0005	0.0003	0.0001	0.0004	0.0011	0.0002	0.0004	0.0004
Banker–Charnes–Cooper	0.0835	0.0934	0.0703	0.0601	0.0589	0.058	0.0552	0.055	0.0537	0.0534	0.0532	0.0572	0.0626
Scale Efficiency	0.0035	0.0036	0.0057	0.007	0.0127	0.0008	0.0068	0.001	0.0092	0.0214	0.0049	0.0071	0.0069
Indian Bank													
Charnes–Cooper–Rhodes	0.0004	0.0006	0.0004	0.0002	0.0002	0.0001	0.0004	0.0001	0.0006	0.001	0.0002	0.0003	0.0004
Banker–Charnes–Cooper	0.1471	0.1786	0.1381	0.1253	0.1124	0.1085	0.0971	0.0939	0.0908	0.0921	0.0408	0.0435	0.1057
Scale Efficiency	0.0026	0.0032	0.0033	0.0021	0.0023	0.0003	0.0047	0.0001	0.0072	0.0113	0.0048	0.0075	0.0042
Indian Overseas Bank													
Charnes–Cooper–Rhodes	0.0004	0.0004	0.0003	0.0004	0.0006	0.0001	0.0004	0.0001	0.0007	0.0008	0.0001	0.0002	0.0004
Banker–Charnes–Cooper	0.1123	0.1226	0.0945	0.0821	0.0789	0.0783	0.0772	0.0774	0.0764	0.0757	0.0761	0.0775	0.0857
Scale Efficiency	0.0038	0.0034	0.0037	0.0048	0.008	0.0008	0.0058	0.0009	0.01	0.0116	0.0019	0.0022	0.0047

Punjab and Sind Bank													
Charnes–Cooper–Rhodes	0.0013	0.0013	0.0003	0.0001	0.0001	0.0001	0.0008	0.0007	0.0003	0.0001	0.0002	0.0002	0.0002
Banker–Charnes–Cooper	0.3508	0.4173	0.3048	0.274	0.2482	0.2323	0.215	0.2021	0.2385	0.1934	0.1875	0.1974	0.2551
Scale Efficiency	0.0038	0.0033	0.0011	0.0003	0.0004	0.0005	0.0004	0.0004	0.0012	0.0034	0.001	0.0015	0.0014
Punjab National Bank													
Charnes–Cooper–Rhodes	0.0001	0.0003	0.0005	0.0006	0.0011	0.0001	0.0015	0.0002	0.0025	0.0035	0.0005	0.0006	0.001
Banker–Charnes–Cooper	0.0498	0.0541	0.0468	0.0432	0.0412	0.0394	0.0383	0.037	0.0371	0.0367	0.0229	0.0249	0.0393
Scale Efficiency	0.0027	0.0059	0.01	0.0143	0.0274	0.0034	0.0383	0.0056	0.0689	0.0953	0.0213	0.0262	0.0266
State Bank of India													
Charnes–Cooper–Rhodes	0.0007	0.0005	0.0006	0.0007	0.0015	0.0002	0.0023	0.0003	0.0037	0.0055	0.0008	0.0012	0.0015
Banker–Charnes–Cooper	0.0178	0.0202	0.0186	0.0172	0.0174	0.0159	0.0167	0.0117	0.0136	0.0143	0.0114	0.0118	0.0156
Scale Efficiency	0.0395	0.0245	0.0351	0.0432	0.0878	0.012	0.1351	0.0249	0.2711	0.3879	0.073	0.1035	0.1031
UCO Bank													
Charnes–Cooper–Rhodes	0.0003	0.0002	0.0002	0.0003	0.0005	0.0001	0.0003	0.0004	0.0004	0.0004	0.0002	0.0002	0.0003
Banker–Charnes–Cooper	0.1227	0.144	0.1075	0.0991	0.0907	0.0884	0.0839	0.0831	0.0809	0.08	0.0793	0.081	0.095

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Scale Efficiency	0.0023	0.0013	0.002	0.0025	0.0051	0.0004	0.0034	0.0004	0.0039	0.0045	0.0012	0.0023	0.0024
Union Bank of India													
Charnes–Cooper–Rhodes	0.0002	0.0002	0.0005	0.0007	0.001	0.0001	0.0013	0.0002	0.002	0.0027	0.0003	0.0005	0.0008
Banker–Charnes–Cooper	0.1023	0.1086	0.0821	0.0725	0.0656	0.0633	0.0613	0.0601	0.0591	0.0587	0.0264	0.0282	0.0656
Scale Efficiency	0.0023	0.0013	0.0057	0.0091	0.0152	0.0018	0.0226	0.0029	0.0345	0.0459	0.0121	0.0162	0.0141
Private Sector Bank													
Axis Bank													
Charnes–Cooper–Rhodes	0.0052	0.0051	0.0052	0.007	0.0115	0.0009	0.0082	0.0008	0.0088	0.01	0.0018	0.0024	0.0056
Banker–Charnes–Cooper	0.1677	0.18	0.1453	0.1167	0.1134	0.0924	0.0864	0.0704	0.0689	0.0628	0.0549	0.0544	0.1011
Scale Efficiency	0.031	0.0287	0.0359	0.0599	0.1015	0.0102	0.0952	0.0117	0.1289	0.1593	0.0332	0.0447	0.0616
City Union Bank													
Charnes–Cooper–Rhodes	0.0008	0.0008	0.001	0.0007	0.0014	0.0001	0.0012	0.0002	0.0017	0.0025	0.0005	0.0007	0.001
Banker–Charnes–Cooper	1.00	1.00	0.7307	0.6261	0.5603	0.5066	0.473	0.43	0.3847	0.3532	0.349	0.3426	0.563
Scale Efficiency	0.0008	0.0008	0.0014	0.0012	0.0025	0.0002	0.0027	0.0003	0.0045	0.0071	0.0014	0.0021	0.0021
Dhanlaxmi Bank													

Charnes–Cooper–Rhodes	0.0198	0.0258	0.0015	0.0001	0.0009	0.0002	0.0011	0.0004	0.0047	0.0052	0.0009	0.0017	0.0052
Banker–Charnes–Cooper	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Scale Efficiency	0.0198	0.0258	0.0015	0.0001	0.0009	0.0002	0.0011	0.0004	0.0047	0.0052	0.0009	0.0017	0.0052
Federal Bank													
Charnes–Cooper–Rhodes	0.001	0.0013	0.0017	0.0014	0.0024	0.0003	0.0025	0.0002	0.0035	0.0051	0.0006	0.001	0.0017
Banker–Charnes–Cooper	0.3435	0.3835	0.2597	0.2333	0.2142	0.2125	0.2089	0.2061	0.2014	0.1979	0.1929	0.1946	0.2373
Scale Efficiency	0.003	0.0034	0.0067	0.0063	0.0116	0.0015	0.0122	0.0011	0.0176	0.026	0.0036	0.0054	0.0082
HDFC Bank													
Charnes–Cooper–Rhodes	0.011	0.0076	0.0071	0.0046	0.0092	0.0001	0.0093	0.0014	0.0144	0.0234	0.0022	0.0023	0.0077
Banker–Charnes–Cooper	0.126	0.1173	0.0943	0.082	0.0742	0.0597	0.0639	0.0552	0.0626	0.0679	0.0457	0.0414	0.0741
Scale Efficiency	0.0873	0.0654	0.0756	0.0565	0.1244	0.0165	0.1459	0.0258	0.2312	0.3457	0.048	0.0562	0.1065
ICICI Bank													
Charnes–Cooper–Rhodes	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Banker–Charnes–Cooper	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Scale Efficiency	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
IndusInd Bank													
Charnes–Cooper–Rhodes	0.0129	0.0129	0.007	0.0064	0.014	0.0009	0.0086	0.0013	0.0095	0.0091	0.0011	0.0017	0.0071
Banker–Charnes–Cooper	0.7812	0.7222	0.5532	0.4473	0.3431	0.2667	0.2242	0.1854	0.1576	0.1359	0.1223	0.111	0.3375
Scale Efficiency	0.0166	0.0178	0.0127	0.0144	0.0408	0.0033	0.0387	0.0074	0.0605	0.0676	0.0086	0.0159	0.2535
Karnataka Bank													
Charnes–Cooper–Rhodes	0.0036	0.0038	0.0032	0.0031	0.0047	0.0004	0.003	0.0004	0.0046	0.0063	0.0009	0.0011	0.0029
Banker–Charnes–Cooper	0.5134	0.5705	0.4992	0.4447	0.396	0.367	0.3412	0.3226	0.3008	0.2938	0.2855	0.2842	0.3849
Scale Efficiency	0.007	0.0066	0.0064	0.007	0.0119	0.0012	0.0089	0.0012	0.0155	0.0217	0.0034	0.0038	0.0078
Karur Vysya Bank													
Charnes–Cooper–Rhodes	0.0007	0.0007	0.0008	0.0008	0.0015	0.0001	0.0011	0.0002	0.0028	0.004	0.0004	0.0007	0.0011
Banker–Charnes–Cooper	0.6589	0.6363	0.4974	0.4654	0.4235	0.3988	0.3661	0.3266	0.3176	0.3119	0.3021	0.303	0.4173
Scale Efficiency	0.001	0.001	0.0017	0.0017	0.0035	0.0003	0.003	0.0006	0.0088	0.013	0.0014	0.0022	0.0032
Kotak Mahindra Bank													
Charnes–Cooper–Rhodes	0.0019	0.0017	0.0026	0.003	0.0841	0.0046	0.0055	0.0006	0.0062	0.007	0.0011	0.0015	0.0099

Contd....

Banker–Charnes–Cooper	0.7183	0.8084	0.6292	0.4422	0.4651	0.2033	0.1949	0.1864	0.1723	0.1609	0.1538	0.1478	0.3568
Scale Efficiency	0.0027	0.0021	0.0042	0.0069	0.1809	0.0226	0.0282	0.0036	0.036	0.0438	0.0075	0.0101	0.029
IDBI Bank													
Charnes–Cooper–Rhodes	0.0016	0.0012	0.0017	0.0019	0.0024	0.0002	0.0028	0.0003	0.0035	0.0043	0.0007	0.0009	0.0018
Banker–Charnes–Cooper	0.2721	0.2952	0.2557	0.1927	0.1562	0.1442	0.1386	0.1348	0.1337	0.1324	0.1303	0.1324	0.1765
Scale Efficiency	0.0061	0.0042	0.0069	0.01	0.0157	0.0018	0.0208	0.0023	0.0268	0.0325	0.0054	0.0073	0.0116
South Indian Bank													
Charnes–Cooper–Rhodes	0.0006	0.0004	0.0003	0.0002	0.0005	0.0004	0.0003	0.0001	0.0016	0.0023	0.0004	0.0007	0.0006
Banker–Charnes–Cooper	0.5048	0.5694	0.4074	0.3419	0.3237	0.3189	0.3059	0.3021	0.2878	0.2649	0.2621	0.2665	0.3462
Scale Efficiency	0.0011	0.0008	0.0008	0.0007	0.0016	0.0001	0.0012	0.0004	0.0057	0.0088	0.0017	0.0027	0.0021
YES Bank													
Charnes–Cooper–Rhodes	0.0019	0.0014	0.0015	0.0016	0.0032	0.0003	0.0046	0.0003	0.0033	0.0038	0.0008	0.0012	0.0019
Banker–Charnes–Cooper	1	0.8061	0.6381	0.4762	0.4244	0.3096	0.2642	0.2348	0.2261	0.221	0.2297	0.223	0.4211
Scale Efficiency	0.0019	0.0018	0.0024	0.0034	0.0077	0.0011	0.0174	0.0014	0.0149	0.0172	0.0037	0.0057	0.0065

Source: Author's calculation based on secondary data collected from annual reports of public and private sector banks

It was found through bank-wise analysis that in category of public sector bank, Bank of Maharashtra (0.0005), Central Bank of India (0.0004), Indian Bank (0.0004), Indian Overseas Bank (0.0004), Punjab and Sind Bank (0.0005) and UCO Bank (0.0003) were showing less efficiency assuming constant returns to scale as the CCR values obtained were very low. However, in other public sector banks such as Bank of Baroda (CCR Value= 0.0007), Bank of India (CCR Value= 0.0008), Canara Bank (CCR Value = 0.0008), Punjab National Bank (CCR Value= 0.001), State Bank of India (CCR Value= 0.0015) and Union Bank of India (CCR Value= 0.0008), it was observed that all these banks were also showing less efficiency in respect to inputs utilized and outputs obtained assuming constant returns to scale but these banks were performing better than other banks in public sector category as their CCR values were more in comparison to those six banks previously discussed.

Through CCR values of private sector banks, it was observed that ICICI Bank (CCR Value = 1) was the one that showed efficiency in all the years taken for analysis assuming constant returns to scale. However, Federal Bank (CCR Value = 0.0017), Karnataka Bank (CCR Value= 0.0029), Karur Vysya Bank (CCR Value = 0.0011), IDBI Bank (CCR Value = 0.0018), South Indian Bank (CCR Value = 0.0006) and YES Bank (CCR Value = 0.0019) were showing less efficiency in relation to inputs utilized and output realized as the values obtained were very low. Although CCR Values of all other banks was also less than 1 such as Axis Bank (CCR Value = 0.0056), City Union Bank (CCR Value = 0.001), Dhanlaxmi Bank (CCR Value = 0.0052) and HDFC Bank (CCR Value = 0.0077), IndusInd Bank (CCR Value = 0.0071), Kotak Mahindra Bank (CCR Value = 0.0099) still they showed better efficiency as they had CCR values near to 1 in comparison to other six private sector banks.

It was further observed through the values obtained from BCC Model assuming variable returns to scale that out of public sector banks, State Bank of India (BCC Value= 0.0156), Punjab National Bank (BCC Value = 0.0393), Canara Bank (BCC Value = 0.0495), Bank of Baroda (BCC Value = 0.0514), Bank of India (BCC Value = 0.0625), Central Bank of India (BCC Value = 0.0626), Union Bank of India (BCC Value = 0.0656), Indian Overseas Bank (BCC Value = 0.0857) and UCO Bank (BCC Value = 0.095) were showing less efficiency in relation to output realized against inputs utilized

as the values of these banks were far less than 1. However, Indian Bank (BCC Value = 0.1057), Bank of Maharashtra (BCC Value = 0.163) and Punjab and Sind Bank (BCC Value = 0.2551) were also showing BCC Value less than 1 but in comparison to previous nine banks, these banks were performing better.

Through values obtained for private sector banks, it was found that HDFC Bank (BCC Value = 0.0741), Axis Bank (0.1011), IDBI Bank (BCC Value = 0.1765), Federal Bank (BCC Value = 0.2373), IndusInd Bank (BCC Value = 0.3375), South Indian Bank (BCC Value = 0.3462), Kotak Mahindra Bank (BCC Value = 0.3568), Karnataka Bank (BCC Value = 0.3849), Karur Vysya Bank (BCC Value = 0.4173), YES Bank (BCC Value = 0.4211) and City Union Bank (BCC Value = 0.563) were showing less efficiency as for all these banks the values were less than 1 and Dhanlaxmi Bank (BCC Value = 1) and ICICI Bank (BCC Value = 1) were showing efficiency when operating at constant returns to scale.

The scale efficiency of all public and private sector banks showed that except ICICI Bank, all other banks have the scope for improvement in their efficiency as value of scale efficiency for all banks was less than 1. Through bank-wise analysis, it was found that out of all public and private sector banks, ICICI bank was the one which showed efficiency in both the cases whether operating at constant returns to scale or variable returns to scale. Dhanlaxmi bank has also showed efficiency when operating at variable returns to scale with BCC value = 1. All the other banks in both sectors showed less efficiency as the value for all banks was less than one. When banks are operating at constant returns to scale, State Bank of India from public sector banks and ICICI Bank from private sector banks have performed better than all other banks. However, when banks are operating at variable returns to scale, it was found that out of public sector banks, Punjab and Sind Bank and out of private sector banks, ICICI Bank and Dhanlaxmi Bank have performed better than all other banks. Overall, it was observed that ICICI Bank has performed better than all the public and private sector banks.

4.2.1.1.2 Year-Wise Analysis

Table 4.2.2 depicts the year-wise analysis of the public and private sector banks using values of CCR, BCC and SE. It was found that ICICI bank was the one which showed efficiency in all the years either assuming constant returns to scale or variable returns to scale.

Table: 4.2.2 Year-Wise Efficiency Analysis of Bancassurance Business of Public and Private Sector Banks (2009-10-2020-21)

2009-10			
Public Sector Banks			
Bank	**Charnes–Cooper–Rhodes**	**Banker–Charnes–Cooper**	**Scale Efficiency**
Bank of Baroda	.0005	.0720	.0073
Bank of India	.0005	.0717	.0071
Bank of Maharashtra	.0003	.2035	.0014
Canara Bank	.0008	.0731	.0110
Central Bank of India	.0003	.0836	.0035
Indian Bank	.0004	.1471	.0027
Indian Overseas Bank	.0004	.1123	.0039
Punjab and Sind Bank	.0013	.3509	.0038
Punjab National Bank	.0001	.0498	.0028
State Bank of India	.0007	.0179	.0396
UCO Bank	.0003	.1227	.0023
Union Bank of India	.0002	.1024	.0023
Mean	0.0004	0.1172	0.0073
Private Sector Banks			
Axis Bank	.0052	.1677	.0311
City Union Bank	.0009	1	.0009
Dhanlaxmi Bank	.0198	1	.0198
Federal Bank	.0010	.3436	.0031
HDFC Bank	.0110	.1261	.0873
ICICI Bank	1	1	1
IndusInd Bank	.0130	.7812	.0166
Karnataka Bank	.0036	.5134	.0070
Karur Vysya Bank	.0007	.6589	.0011
Kotak Mahindra Bank	.0019	.7184	.0027
IDBI Bank	.0017	.2721	.0061
South Indian Bank	.0006	.5049	.0012
YES Bank	.0020	1	.0020
Mean	.0427	.3797	.0506
2010-11			
Public Sector Banks			
Bank of Baroda	.0004	.0797	.0052

Bank of India	.0005	.0758	.0070
Bank of Maharashtra	.0003	.2424	.0012
Canara Bank	.0005	.0810	.0063
Central Bank of India	.0003	.0935	.0036
Indian Bank	.0006	.1787	.0033
Indian Overseas Bank	.0004	.1226	.0035
Punjab and Sind Bank	.0014	.4173	.0033
Punjab National Bank	.0003	.0541	.0059
State Bank of India	.0005	.0203	.0245
UCO Bank	.0002	.1440	.0014
Union Bank of India	.0002	.1086	.0014
Mean	0.0005	0.1348	0.0056
Private Sector Banks			
Axis Bank	.0052	.1800	.0288
City Union Bank	.0008	1	.0008
Dhanlaxmi Bank	.0259	1	.0259
Federal Bank	.0013	.3836	.0034
HDFC Bank	.0077	.1174	.0655
ICICI Bank	1	1	1
IndusInd Bank	.0129	.7222	.0179
Karnataka Bank	.0038	.5706	.0067
Karur Vysya Bank	.0007	.6364	.0011
Kotak Mahindra Bank	.0017	.8085	.0021
IDBI Bank	.0013	.2953	.0043
South Indian Bank	.0005	.5694	.0009
YES Bank	.0015	.8062	.0019
Mean	.0427	.3882	.0490
2011-12			
Public Sector Banks			
Bank of Baroda	.0004	.0634	.0069
Bank of India	.0006	.0641	.0095
Bank of Maharashtra	.0004	.1808	.0023
Canara Bank	.0005	.0737	.0067
Central Bank of India	.0004	.0704	.0057
Indian Bank	.0005	.1382	.0033
Indian Overseas Bank	.0004	.0945	.0037
Punjab and Sind Bank	.0003	.3049	.0011
Punjab National Bank	.0005	.0469	.0101
State Bank of India	.0007	.0187	.0351
UCO Bank	.0002	.1076	.0020
Union Bank of India	.0005	.0822	.0057
Mean	0.0004	0.1037	0.0076
Private Sector Banks			
Axis Bank	.0052	.1453	.0359
City Union Bank	.0010	.7307	.0014
Dhanlaxmi Bank	.0015	1	.0015

Federal Bank	.0017	.2597	.0067
HDFC Bank	.0071	.0944	.0757
ICICI Bank	1	1	1
IndusInd Bank	.0070	.5532	.0127
Karnataka Bank	.0032	.4993	.0065
Karur Vysya Bank	.0009	.4975	.0017
Kotak Mahindra Bank	.0027	.6292	.0043
IDBI Bank	.0018	.2557	.0069
South Indian Bank	.0003	.4075	.0008
YES Bank	.0016	.6381	.0025
Mean	.0415	.3182	.0499
2012-13			
Public Sector Banks			
Bank of Baroda	.0004	.0541	.0070
Bank of India	.0017	.1327	.0124
Bank of Maharashtra	.0005	.1692	.0027
Canara Bank	.0005	.0562	.0091
Central Bank of India	.0004	.0601	.0070
Indian Bank	.0003	.1253	.0021
Indian Overseas Bank	.0004	.0822	.0049
Punjab and Sind Bank	.0001	.2740	.0003
Punjab National Bank	.0006	.0432	.0144
State Bank of India	.0007	.0173	.0433
UCO Bank	.0003	.0992	.0025
Union Bank of India	.0007	.0725	.0091
Mean	0.0005	0.0988	0.0095
Private Sector Banks			
Axis Bank	.0070	.1167	.0600
City Union Bank	.0008	.6261	.0013
Dhanlaxmi Bank	.0001	1	.0001
Federal Bank	.0015	.2334	.0063
HDFC Bank	.0046	.0821	.0566
ICICI Bank	1	1	1
IndusInd Bank	.0065	.4473	.0145
Karnataka Bank	.0031	.4448	.0071
Karur Vysya Bank	.0008	.4655	.0018
Kotak Mahindra Bank	.0031	.4423	.0070
IDBI Bank	.0019	.1927	.0101
South Indian Bank	.0003	.3419	.0007
YES Bank	.0016	.4762	.0035
Mean	.0415	.2822	.0513
2013-14			
Public Sector Banks			
Bank of Baroda	.0007	.0510	.0135
Bank of India	.0013	.0550	.0227
Bank of Maharashtra	.0007	.1612	.0046

Canara Bank	.0009	.0476	.0194
Central Bank of India	.0008	.0589	.0128
Indian Bank	.0003	.1125	.0024
Indian Overseas Bank	.0006	.0790	.0080
Punjab and Sind Bank	.0001	.2483	.0004
Punjab National Bank	.0011	.0412	.0275
State Bank of India	.0015	.0174	.0879
UCO Bank	.0005	.0907	.0051
Union Bank of India	.0010	.0657	.0153
Mean	0.0007	0.0857	0.0183
Private Sector Banks			
Axis Bank	.0115	.1134	.1016
City Union Bank	.0014	.5603	.0025
Dhanlaxmi Bank	.0009	1	.0009
Federal Bank	.0025	.2142	.0116
HDFC Bank	.0092	.0742	.1244
ICICI Bank	1	1	1
IndusInd Bank	.0140	.3432	.0408
Karnataka Bank	.0047	.3961	.0119
Karur Vysya Bank	.0015	.4235	.0036
Kotak Mahindra Bank	.0841	.4652	.1809
IDBI Bank	.0025	.1562	.0158
South Indian Bank	.0005	.3237	.0016
YES Bank	.0033	.4245	.0077
Mean	.0458	.2609	.0689
2014-15			
Public Sector Banks			
Bank of Baroda	.0001	.0494	.0012
Bank of India	.0001	.0525	.0028
Bank of Maharashtra	.0001	.1588	.0005
Canara Bank	.0001	.0455	.0019
Central Bank of India	.0005	.0580	.0008
Indian Bank	.0004	.1085	.0003
Indian Overseas Bank	.0001	.0783	.0008
Punjab and Sind Bank	.0001	.2324	.0000
Punjab National Bank	.0001	.0394	.0034
State Bank of India	.0002	.0160	.0120
UCO Bank	.0004	.0884	.0004
Union Bank of India	.0001	.0634	.0019
Mean	0.0002	0.0825	0.0022
Private Sector Banks			
Axis Bank	.0010	.0925	.0103
City Union Bank	.0001	.5067	.0002
Dhanlaxmi Bank	.0002	1	.0002
Federal Bank	.0003	.2126	.0015
HDFC Bank	.0010	.097	.0166

ICICI Bank	1	1	1
IndusInd Bank	.0009	.2667	.0034
Karnataka Bank	.0005	.3671	.0013
Karur Vysya Bank	.0001	.3988	.0003
Kotak Mahindra Bank	.0046	.2034	.0227
IDBI Bank	.0003	.1442	.0018
South Indian Bank	.0000	.3189	.0001
YES Bank	.0003	.3096	.0011
Mean	.0404	.2348	.0434
2015-16			
Public Sector Banks			
Bank of Baroda	.0008	.0478	.0166
Bank of India	.0015	.0526	.0286
Bank of Maharashtra	.0007	.1563	.0042
Canara Bank	.0011	.0432	.0244
Central Bank of India	.0004	.0553	.0068
Indian Bank	.0005	.0971	.0048
Indian Overseas Bank	.0004	.0773	.0058
Punjab and Sind Bank	.0001	.2150	.0004
Punjab National Bank	.0015	.0383	.0383
State Bank of India	.0023	.0167	.1351
UCO Bank	.0003	.0840	.0035
Union Bank of India	.0014	.0614	.0226
Mean	0.0009	0.0787	0.0242
Private Sector Banks			
Axis Bank	.0082	.0865	.0953
City Union Bank	.0013	.4731	.0027
Dhanlaxmi Bank	.0012	1	.0012
Federal Bank	.0026	.2089	.0122
HDFC Bank	.0093	.0640	.1460
ICICI Bank	1	1	1
IndusInd Bank	.0087	.2243	.0388
Karnataka Bank	.0031	.3413	.0090
Karur Vysya Bank	.0011	.3661	.0030
Kotak Mahindra Bank	.0055	.1950	.0283
IDBI Bank	.0029	.1386	.0208
South Indian Bank	.0004	.3060	.0012
YES Bank	.0046	.2643	.0175
Mean	.0424	.2245	.0666
2016-17			
Public Sector Banks			
Bank of Baroda	.0002	.0468	.0035
Bank of India	.0002	.0504	.0035
Bank of Maharashtra	.0001	.1457	.0007
Canara Bank	.0002	.0442	.0042
Central Bank of India	.0001	.0551	.0010

Indian Bank	.0001	.0939	.0007
Indian Overseas Bank	.0001	.0774	.0009
Punjab and Sind Bank	.0001	.2022	.0004
Punjab National Bank	.0002	.0371	.0057
State Bank of India	.0003	.0117	.0250
UCO Bank	.0000	.0831	.0004
Union Bank of India	.0002	.0601	.0030
Mean	0.0002	0.0756	0.0041
Private Sector Banks			
Axis Bank	.0008	.0704	.0118
City Union Bank	.0002	.4300	.0004
Dhanlaxmi Bank	.0005	1	.0005
Federal Bank	.0002	.2062	.0012
HDFC Bank	.0014	.0552	.0258
ICICI Bank	1	1	1
IndusInd Bank	.0014	.1854	.0074
Karnataka Bank	.0004	.3227	.0013
Karur Vysya Bank	.0002	.3266	.0006
Kotak Mahindra Bank	.0007	.1865	.0036
IDBI Bank	.0003	.1348	.0024
South Indian Bank	.0001	.3021	.0004
YES Bank	.0003	.2348	.0015
Mean	.0403	.2145	.0442
2017-18			
Public Sector Banks			
Bank of Baroda	.0017	.0455	.0384
Bank of India	.0015	.0495	.0296
Bank of Maharashtra	.0013	.1382	.0092
Canara Bank	.0021	.0406	.0525
Central Bank of India	.0005	.0538	.0093
Indian Bank	.0007	.0908	.0072
Indian Overseas Bank	.0008	.0764	.0100
Punjab and Sind Bank	.0003	.2385	.0012
Punjab National Bank	.0026	.0371	.0689
State Bank of India	.0037	.0137	.2712
UCO Bank	.0003	.0810	.0039
Union Bank of India	.0020	.0591	.0346
Mean	0.0014	0.0770	0.0446
Private Sector Banks			
Axis Bank	.0089	.0689	.1290
City Union Bank	.0018	.3848	.0046
Dhanlaxmi Bank	.0047	1	.0047
Federal Bank	.0036	.2015	.0176
HDFC Bank	.0145	.0627	0.2312
ICICI Bank	1	1	1
IndusInd Bank	.0095	.1576	.0605

Karnataka Bank	.0047	.3008	.0155
Karur Vysya Bank	.0028	.3177	.0088
Kotak Mahindra Bank	.0062	.1724	.0360
IDBI Bank	.0036	.1337	.0268
South Indian Bank	.0017	.2879	.0058
YES Bank	.0034	.2262	.0149
Mean	.0433	.2095	.0836
2018-19			
Public Sector Banks			
Bank of Baroda	.0020	.0268	.0752
Bank of India	.0019	.0492	.0383
Bank of Maharashtra	.0015	.1378	.0106
Canara Bank	.0027	.0402	.0659
Central Bank of India	.0011	.0535	.0214
Indian Bank	.0010	.0921	.0114
Indian Overseas Bank	.0009	.0758	.0117
Punjab and Sind Bank	.0007	.1934	.0034
Punjab National Bank	.0035	.0368	.0954
State Bank of India	.0056	.0143	.3879
UCO Bank	.0004	.0800	.0046
Union Bank of India	.0027	.0588	.0460
Mean	0.002	0.071	0.0643
Private Sector Banks			
Axis Bank	.0100	.0629	.1593
City Union Bank	.0025	.3533	.0072
Dhanlaxmi Bank	.0052	1	.0052
Federal Bank	.0052	.1979	.0261
HDFC Bank	.0235	.0680	.3457
ICICI Bank	1	1	1
IndusInd Bank	.0092	.1359	.0677
Karnataka Bank	.0064	.2938	.0217
Karur Vysya Bank	.0041	.3119	.0130
Kotak Mahindra Bank	.0071	.1609	.0439
IDBI Bank	.0043	.1325	.0325
South Indian Bank	.0023	.2649	.0088
YES Bank	.0038	.2210	.0173
Mean	.0442	.2024	.1008
2019-20			
Public Sector Banks			
Bank of Baroda	.0003	.0298	.0103
Bank of India	.0003	.0483	.0052
Bank of Maharashtra	.0002	.1280	.0017
Canara Bank	.0004	.0237	.0158
Central Bank of India	.0003	.0532	.0050
Indian Bank	.0002	.0408	.0049
Indian Overseas Bank	.0001	.0762	.0019

Punjab and Sind Bank	.0002	.1876	.0010
Punjab National Bank	.0005	.0230	.0214
State Bank of India	.0008	.0115	.0730
UCO Bank	.0001	.0794	.0013
Union Bank of India	.0003	.0264	.0121
Mean	0.0003	0.0606	0.0128
Private Sector Banks			
Axis Bank	.0018	.0549	.0332
City Union Bank	.0005	.3491	.0015
Dhanlaxmi Bank	.0009	1	.0009
Federal Bank	.0007	.1929	.0036
HDFC Bank	.0022	.0458	.0480
ICICI Bank	1	1	1
IndusInd Bank	.0011	.1223	.0086
Karnataka Bank	.0010	.2856	.0034
Karur Vysya Bank	.0004	.3022	.0014
Kotak Mahindra Bank	.0012	.1538	.0076
IDBI Bank	.0007	.1303	.0054
South Indian Bank	.0004	.2622	.0017
YES Bank	.0009	.2297	.0037
Mean	.0406	.1942	.0509
2020-21			
Public Sector Banks			
Bank of Baroda	.0005	.0306	.0165
Bank of India	.0004	.0489	.0075
Bank of Maharashtra	.0004	.1357	.0026
Canara Bank	.0006	.0258	.0227
Central Bank of India	.0004	.0572	.0071
Indian Bank	.0003	.0436	.0075
Indian Overseas Bank	.0002	.0775	.0023
Punjab and Sind Bank	.0003	.1975	.0016
Punjab National Bank	.0007	.0250	.0263
State Bank of India	.0012	.0118	.1036
UCO Bank	.0002	.0810	.0024
Union Bank of India	.0005	.0282	.0163
Mean	0.0004	0.0635	0.0180
Private Sector Banks			
Axis Bank	.0024	.0545	.0448
City Union Bank	.0007	.3426	.0021
Dhanlaxmi Bank	.0017	1	.0017
Federal Bank	.0011	.1947	.0055
HDFC Bank	.0023	.0415	.0562
ICICI Bank	1	1	1
IndusInd Bank	.0018	.1110	.0160
Karnataka Bank	.0011	.2842	.0038
Karur Vysya Bank	.0007	.3031	.0023

Kotak Mahindra Bank	.0015	.1478	.0102
IDBI Bank	.0010	.1324	.0073
South Indian Bank	.0007	.2665	.0027
YES Bank	.0013	.2231	.0058
Mean	.0408	.1945	.0549

Source: Author's calculation based on secondary data collected from annul reports of public and private sector banks

It was found that all the public sector banks showed less efficiency in terms of their output against inputs utilized assuming constant returns to scale as value of CCR was less than 1 for all public sector banks. However, in private sector banks, ICICI bank was the one showing efficiency (CCR Value = 1) in 2009-10 and all other banks were showing less efficiency as value of CCR was less than 1. However, except City Union Bank (BCC Value = 1), Dhanlaxmi Bank (BCC Value = 1), ICICI Bank (BCC Value = 1) and YES Bank (BCC Value = 1), all other public and private sector banks showed less efficiency assuming variable returns to scale.

It was observed that in the year 2010-11 again public sector banks showed less efficiency assuming constant returns to scale as CCR Values for all those banks were less than 1. In private sector banks, ICICI Bank was the one that showed efficiency with CCR Value =1 and all other banks in the same category showed less efficiency as CCR Vales for all were less than 1. In case of variable returns to scale, City Union Bank (BCC Value = 1), Dhanlaxmi Bank (BCC Value = 1) and ICICI Bank (BCC Value = 1) were showing efficiency in terms of outputs realized against inputs utilized and all other banks were showing low efficiency with BCC Value less than 1. In the year 2011-12, similar values were obtained in public sector banks for constant returns to scale and in private sector banks, except ICICI Bank (CRR Value = 1), all other banks were showing low efficiency with CCR vales less than 1. However, in private sector banks, Dhanlaxmi Bank (BCC Value = 1) and ICICI Bank (BCC Value = 1) all other banks were having BBC Value less than 1 depicting low efficiency.

From 2012-13 to 2020-21, it was found that the CCR Values for public sector banks were less than 1 assuming constant returns to scale thus showing less efficiency in terms of inputs utilized and output realized. It was found that under constant returns to scale, ICICI Bank was the one observed efficiency with a CRR Value of 1 and all other private sector banks showed less efficiency. However, BCC Value of all the banks were less than 1 in the same years except Dhanlaxmi Bank (BCC Value = 1) and ICICI Bank (BCC Value =1) in private sector category thus depicting that these two banks

were showing efficiency in terms of their inputs utilized and bancassurance income earned.

The values of scale efficiency for all the years and for all the banks showed that there was scope of improvement in efficiency as value of SE was less than 1 except in ICICI Bank that showed optimum efficiency in all the years. It was observed through year-wise analysis that both types of banks have shown low efficiency in all the years assuming constant returns to scale except ICICI Bank. However, through BCC Model, it was observed that public sector banks were showing less efficiency in all the years with BCC Value less than 1 and in private sector banks, Dhanlaxmi Bank and ICICI Bank were showing efficiency with BCC Value = 1.

4.2.1.2 Analysis of Mean of CCR, BCC and SE of Bancassurance Business of Public and Private Sector Banks in India

4.2.1.2.1 Sector-wise Analysis

Table 4.2.3 depicts the sector-wise analysis of efficiency of banks using the values of CCR, BCC and SE. It was observed that the value of CCR of all public sector banks showed constant and decreasing trends except in 2015, 2017 and 2020. In the years 2010, 2011 and 2012, the same mean of overall technical efficiency (0.0002) was recorded. However, in 2013 a slight growth was observed in the mean of CCR (0.0006) whereas in 2014 a rise in the mean of CCR (0.0008) was recorded. In the year 2015, a decrease in the mean of CCR (0.0002) was again observed with a rise in the value in the year 2016. The mean of CCR increased to 0.0009 in the year 2016. However, in the year 2017, mean of CCR decreased to 0.0002. It was found that in 2018 and 2019, mean of CCR increased to 0.0015 and 0.0020 respectively. Again, mean of CCR of public sector banks decreased to 0.0003 in 2020 with a slight increase to 0.0005 in the year 2021. The mean of overall technical efficiency of private sector banks showed mixed trends. Whereas, in 2010 and 2011, an increase in the value of the mean was observed leading to a decrease in the value of the mean of CCR in 2012 and 2013. However, in 2014 again an increase in the mean of CCR was observed. In 2015, again the value of the mean of CCR decreased to 0.0776. In the year 2016, mean increased to 0.0807 and again decreased in 2017 to 0.0774. In 2018 and 2019, an increasing trend was observed in the mean of CCR for two consecutive years and in 2020 again the value decreased to 0.0778. However, in 2021 a slight increase to 0.0782 was observed.

Table 4.2.3 Sector Wise Mean of CCR, BCC and Scale Efficiency of Bancassurance Business of Public and Private Sector Banks (2010-2021)

Year	Sector	Average of CCR	Average of BCC	Average of SE
2009-10	Public	0.0005	0.1173	0.0073
	Private	0.0816	0.6220	0.0907
2010-11	Public	0.0005	0.1348	0.0056
	Private	0.0818	0.6223	0.0892
2011-12	Public	0.0005	0.1038	0.0077
	Private	0.0795	0.5162	0.0890
2012-13	Public	0.0006	0.0988	0.0096
	Private	0.0793	0.4515	0.0899
2013-14	Public	0.0008	0.0857	0.0183
	Private	0.0874	0.4227	0.1156
2014-15	Public	0.0002	0.0826	0.0022
	Private	0.0776	0.3754	0.0815
2015-16	Public	0.0009	0.0788	0.0243
	Private	0.0807	0.3591	0.1058
2016-17	Public	0.0002	0.0756	0.0041
	Private	0.0774	0.3427	0.0813
2017-18	Public	0.0015	0.0770	0.0447
	Private	0.0820	0.3319	0.1196
2018-19	Public	0.0020	0.0716	0.0643
	Private	0.0834	0.3233	0.1345
2019-20	Public	0.0003	0.0607	0.0128
	Private	0.0778	0.3176	0.0861
2020-21	Public	0.0005	0.0636	0.0180
	Private	0.0782	0.3155	0.0891

Source: Author's calculation based on secondary data collected from annual reports of public and private sector banks

Note: CCR stands for Charnes–Cooper–Rhodes, BCC stands for Banker–Charnes–Cooper and SE stands for Scale Efficiency

The mean of BCC value of public sector banks decreased from 0.1173 to 0.0636 from 2010 to 2021. The decrease in the mean BCC value of public sector banks from the year 2010 to 2021 could be attributed to several factors like technological advancements, enhanced resource apportionment, enhanced employee training and expertise, expansion of bancassurance channels, market and regulatory changes over the years through which customers are served more efficiently. Implementation of digital platforms for sale of insurance services, online 24*7 services, customer relationship management systems have contributed in improving efficiency of public sector banks.

The mean of BCC value of private sector banks also revealed decreasing trends from 0.6220 to 0.3155 from 2010 to 2021. The decreasing trend in the mean BCC value of private sector banks from 2010 to 2021, particularly concerning their bancassurance business, could be attributed to several factors like stiff competition faced by private sector banks over the years in order stand in the competitive market where customers used to trust only public sector banks for maximum services. To remain competitive, private sector banks have improved their efficiency in generating bancassurance income by optimizing their resources and processes. On the other hand, private sector banks have always been at forefront in adopting new technologies. Therefore, adopting digital banking platforms, online banking has enabled banks to enhance bancassurance operations leading to decrease in BCC value over time. Strategic partnerships of private sector banks with several insurance companies over the years have increased market penetration thus showing a decreasing trend in BCC value. Overall, the decreasing trend in the mean BCC value of private sector banks in relation to their bancassurance business reflects improvements in efficiency, technological innovation, strategic partnerships and regulatory compliance within these banks. These factors collectively enable private sector banks to generate higher bancassurance income with the same or fewer resources, resulting in a decline in BCC value over the years. The mean of scale efficiency of public sector banks revealed mixed trends. Initially, a decrease in the value of the mean of scale efficiency was observed in the years 2010 and 2011 whereas an increasing trend was observed from 2012 to 2014. In 2015, a decrease in the mean of scale efficiency was observed with a rise in 2016 from 0.0022 to 0.0243. Overall, mean

scale efficiency of public sector banks has increased from 0.0073 to 0.0180 from 2010 to 2021. The mean scale efficiency of private sector banks showed mixed trends from 2010 to 2021. However, mean of scale efficiency of private sector banks decreased from 0.0907 to 0.0891 from 2010 to 2021. Overall, it was observed that both types of banks should improve their efficiencies to compete in a dynamic environment.

4.2.1.2.2 Overall Analysis

Table 4.2.4 depicts the overall mean of CRR values has decreased from 0.0427 in the year 2009-10 to 0.0408 in 2020-21. However, during 2013-14 it showed an increase in technical efficiency in the bancassurance business. The pure technical efficiency (BCC Value) also decreased from 0.3797 in 2009-10 to 0.1945 in 2020-21. In 2010-11, an increase in BCC value was observed but in the later years, the value constantly declined till 2020-21. The scale efficiency of bancassurance income showed mixed trends. It has been observed that the value of scale efficiency increased from 0.0506 in 2009-10 to 0.0549 in 2020-21. However, maximum increase in the value of scale efficiency was observed in the year 2018-19 depicting that all the inputs were most efficiently utilized in 2018-19 against the output realized assuming constant and variable returns to scale and in the remaining years, a mixed trend was observed in scale efficiency of bancassurance income of both types of banks.

Table: 4.2.4 Overall Efficiency Analysis of Bancassurance Business of Public and Private Sector Banks (2009-10-2020-21)

Year	Banks	Average of CCR	Average of BCC	Average of SE
2009-10	All Banks	0.0427	0.3797	0.0506
2010-11	All Banks	0.0427	0.3882	0.0490
2011-12	All Banks	0.0415	0.3182	0.0499
2012-13	All Banks	0.0415	0.2822	0.0513
2013-14	All Banks	0.0458	0.2609	0.0689
2014-15	All Banks	0.0404	0.2348	0.0434
2015-16	All Banks	0.0424	0.2245	0.0666
2016-17	All Banks	0.0403	0.2145	0.0442
2017-18	All Banks	0.0433	0.2095	0.0836
2018-19	All Banks	0.0442	0.2024	0.1008
2019-20	All Banks	0.0406	0.1942	0.0509
2020-21	All Banks	0.0408	0.1945	0.0549

Source: Author's calculation based on secondary data collected from annual reports of public and private sector banks

Note: CCR stands for Charnes–Cooper–Rhodes, BCC stands for Banker–Charnes–Cooper and SE stands for Scale Efficiency

It was found that Indian banks carried out their bancassurance income at average technical efficiency of 42.7 percent, pure technical efficiency of 37.9 percent and scale efficiency of 50.6 percent in 2009-10. However, in 2020-21, the banks carried bancassurance business at 40.8 percent of technical efficiency, 19.45 percent of pure technical efficiency and 54.9 percent of scale efficiency. 2018-19 was observed as the most efficient year in which inputs were utilized efficiently against the output realized assuming constant returns to scale and 2010-11 was observed as most efficient year in terms of banks realizing output with efficiency assuming variable returns to scale.

4.2.2 Potential Reductions in Total Assets, Number of Employees and Number of Branches

The application of DEA methodology was performed to know the overutilization of employees, total assets and branches. It was shown in the tables 4.2.5, 4.2.6 and 4.2.7, the potential reduction of the inputs has been shown that may help the banks to improve overall efficiency.

Table 4.2.5 Potential Reduction in Total Assets **(in crore □)**

Banks	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Bank of Baroda	84.67	84.79	125.07	128.06	130.70	10.34	184.43	31.07	940.80	450.29	74.97	107.68	2352.87
Bank of India	51.67	48.36	126.80	769.11	210.94	24.07	248.07	19.14	167.71	331.35	23.59	16.03	2036.84
Bank of Maharashtra	0.00	1.37	4.89	12.60	16.98	1.56	23.49	2.70	32.30	84.82	14.87	21.66	217.24
Canara Bank	51.94	34.93	60.40	74.41	71.49	3.82	120.24	19.03	160.44	1339.77	47.93	39.89	2024.29
Central Bank of India	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
Indian Bank	1.45	5.92	11.12	8.74	1.60	0.64	26.91	4.51	60.08	438.17	30.41	46.38	635.93
Indian Overseas Bank	16.10	9.41	10.71	16.44	0.00	0.00	0.00	0.00	0.00	0.00	0.81	0.20	53.67
Punjab and Sind Bank	20.13	20.90	6.85	2.03	1.34	0.00	2.15	0.78	0.29	8.22	2.16	1.42	66.27
Punjab National Bank	7.17	0.00	1.42	39.53	2.42	1.80	113.29	0.00	111.39	1754.68	22.74	0.00	2054.44
State Bank of India	0.00	0.00	0.00	159.63	429.28	121.18	3381.91	255.77	4042.00	9884.50	1617.81	2122.01	22014.1
UCO Bank	4.40	1.92	6.56	11.01	0.00	0.00	0.00	0.00	0.00	1.91	0.00	0.00	25.8
Union Bank of India	15.32	9.20	37.00	68.40	58.97	11.78	199.49	16.87	279.08	1782.17	68.36	85.10	2631.74
Axis Bank	282.36	143.45	66.63	237.98	582.27	52.45	623.65	47.98	999.70	954.24	37.21	75.47	4103.39
City Union Bank	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
Dhanlaxmi Bank	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
Federal Bank	0.00	0.00	0.00	0.00	0.00	0.00	17.81	2.30	83.24	218.92	30.90	55.87	409.04
HDFC Bank	0.00	0.00	0.00	0.00	0.00	0.00	1059.86	283.99	3403.18	9706.56	960.06	971.29	16384.9
ICICI Bank	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
IndusInd Bank	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
Karnataka Bank	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
Karur Vysya Bank	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
Kotak Mahindra Bank	0.00	7.89	21.61	0.00	0.00	0.00	0.00	9.59	95.35	213.02	10.11	0.00	357.57
IDBI Bank	261.42	208.73	334.33	375.81	480.28	53.00	555.16	52.88	465.99	447.63	57.83	66.52	3359.58
South Indian Bank	0.00	0.00	0.00	0.00	0.00	0.00	1.03	0.00	0.00	5.27	0.00	0.00	6.3
YES Bank	60.65	41.45	60.69	60.26	116.41	9.04	258.42	41.50	538.19	90.41	20.06	33.52	1330.6

Source: Author's calculation based on secondary data collected from annual reports of public and private sector banks

Table 4.2.5 shows that the State Bank of India has the huge potential to reduce the consumption of assets of □ 22014.1 crore for the bancassurance business followed by HDFC Bank which has the potential of reducing the consumption of assets of □ 16384.9 for bancassurance business. Almost all public and private sector banks were observed to have potential to reduce consumption of assets in their premises to increase output except Central Bank of India, City Union Bank, Dhanlaxmi Bank, ICICI Bank, IndusInd Bank, Karnataka Bank and Karur Vysya Bank as they were found to observe no reduction in utilization of assets for bancassurance business in all the years. It was found that State Bank of India, HDFC bank and Federal bank were found to observe no reduction in 2009-10, 2010-11 and 2011-12. HDFC Bank and Federal Bank has started overutilizing their assets from 2015-16. It was also observed that maximum public sector banks were overutilizing their consumption of assets in comparison to private sector banks.

Table 4.2.6 Potential Reductions in the Number of Employees

Banks	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Bank of Baroda	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
Bank of India	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
Bank of Maharashtra	0.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.45
Canara Bank	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
Central Bank of India	0.52	0.99	1.47	1.17	5.77	0.21	0.76	0.33	1.80	0.11	0.35	0.53	14.01
Indian Bank	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
Indian Overseas Bank	0.00	0.00	0.00	0.00	2.39	0.45	1.43	0.31	2.22	0.07	0.00	0.00	6.87
Punjab and Sind Bank	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
Punjab National Bank	0.00	1.03	0.00	0.00	0.00	0.00	0.00	0.42	0.00	0.00	0.00	2.98	4.43
State Bank of India	25.25	11.32	13.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50.35
UCO Bank	0.00	0.00	0.00	0.00	0.05	0.06	0.42	0.08	0.60	0.00	0.05	0.29	1.55
Union Bank of India	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
Axis Bank	0.00	0.00	0.00	0.00	0.00	2.89	1.50	0.00	0.00	0.00	0.00	0.00	4.39
City Union Bank	0.70	0.89	1.17	0.94	2.11	0.17	1.17	0.24	2.55	3.14	0.79	0.54	14.41
Dhanlaxmi Bank	44.83	42.98	1.54	0.06	0.74	0.23	0.80	0.34	3.36	3.15	0.57	1.17	99.77
Federal Bank	1.11	1.69	3.23	2.08	6.17	0.85	0.00	0.00	0.00	0.00	0.00	0.00	15.13
HDFC Bank	185.56	188.30	162.64	39.27	144.69	16.39	35.38	9.82	104.68	374.38	32.84	41.23	1335.18
ICICI Bank	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
IndusInd Bank	7.89	29.49	21.30	32.49	110.95	8.18	53.36	6.09	26.20	26.75	0.56	6.09	329.35
Karnataka Bank	4.88	6.17	4.96	4.64	9.74	1.00	3.37	0.64	5.44	6.22	1.51	1.77	50.34
Karur Vysya Bank	0.43	0.71	1.14	0.88	2.62	0.20	0.85	0.34	3.17	7.16	0.76	0.53	18.79
Kotak Mahindra Bank	7.51	7.74	12.80	16.56	598.93	56.07	115.64	17.83	93.47	142.55	25.11	50.90	1145.11
IDBI Bank	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
South Indian Bank	0.60	0.45	0.22	0.11	0.93	0.06	0.00	0.02	0.23	0.00	0.34	1.25	4.21
YES Bank	0.00	0.00	0.00	0.00	1.56	0.37	14.07	0.00	4.05	6.87	1.88	3.13	31.93

Source: Author's calculation based on secondary data collected from annual reports of public and private sector banks

It was observed from table 4.2.6 that HDFC Bank has the huge potential to reduce its number of employees to 1335 for the bancassurance business followed by Kotak Mahindra Bank which has the potential to reduce its employees to 1145 for the bancassurance business. Whereas, Bank of Baroda, Bank of India, Canara Bank, Indian Bank, Punjab and Sind Bank, Union Bank of India, ICICI Bank and IDBI Bank were found to observe no reduction in the number of employees for increasing efficiency in the bancassurance business. There were few banks that showed very less requirement to reduce its number of employees such as Central Bank of India (14 employees), Indian Overseas Bank (7 employees), Punjab National Bank with only 4 employees, State Bank of India with 50 employees, UCO Bank (1 employee), Axis Bank (4 employees), City Union Bank (14 employees), Dhanlaxmi Bank (100 employees), Federal Bank (15 employees), IndusInd Bank (329 employees), Karnataka Bank (50 employees), Karur Vysya Bank (19 employees), South Indian Bank (4 employees) and YES Bank (32 employees).

Table 4.2.7 Potential Reductions in the Number of Branches

Banks	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Bank of Baroda	0.86	0.82	0.95	0.97	1.53	0.13	1.92	0.37	4.31	10.10	1.17	2.08	25.21
Bank of India	0.88	1.01	1.33	6.08	2.66	0.33	3.34	0.40	3.48	4.61	0.59	0.90	25.61
Bank of Maharashtra	0.28	0.28	0.42	0.52	0.76	0.07	0.74	0.11	1.41	1.70	0.27	0.49	7.05
Canara Bank	1.07	0.81	0.79	1.13	2.49	0.22	3.09	0.48	6.46	8.45	2.14	3.10	30.23
Central Bank of India	0.67	0.84	1.06	1.10	2.09	0.13	1.00	0.16	1.43	3.28	0.78	1.24	13.78
Indian Bank	0.39	0.62	0.53	0.33	0.31	0.05	0.68	0.11	1.16	1.97	0.75	1.22	8.12
Indian Overseas Bank	0.46	0.57	0.53	0.69	1.05	0.12	0.82	0.14	1.50	1.72	0.28	0.37	8.25
Punjab and Sind Bank	0.81	0.90	0.23	0.07	0.09	0.01	0.08	0.08	0.15	0.69	0.21	0.33	3.65
Punjab National Bank	0.37	0.93	1.28	1.73	2.70	0.32	3.83	0.57	7.70	11.77	2.62	3.31	37.13
State Bank of India	3.81	2.57	3.05	3.21	5.07	0.76	11.03	2.01	27.98	48.81	7.66	11.97	127.93
UCO Bank	0.34	0.26	0.31	0.41	0.69	0.06	0.51	0.07	0.60	0.69	0.20	0.39	4.53
Union Bank of India	0.42	0.26	0.90	1.40	1.92	0.24	2.94	0.37	4.50	6.18	1.65	2.31	23.09
Axis Bank	1.13	0.64	0.28	1.38	0.12	0.00	0.00	0.16	5.07	5.55	0.76	0.89	15.98
City Union Bank	0.14	0.16	0.25	0.21	0.42	0.04	0.43	0.06	0.74	1.16	0.24	0.35	4.2
Dhanlaxmi Bank	12.80	5.22	0.30	0.02	0.16	0.05	0.21	0.09	0.90	0.98	0.18	0.33	21.24
Federal Bank	0.44	0.82	1.21	1.04	1.81	0.23	1.47	0.13	2.00	3.06	0.42	0.68	13.31
HDFC Bank	2.85	4.46	5.36	1.40	2.89	0.14	0.00	0.00	0.00	0.00	0.00	0.00	17.1
ICICI Bank	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
IndusInd Bank	0.21	0.84	0.54	0.34	1.64	0.12	0.67	0.24	2.49	3.89	0.49	1.28	12.75
Karnataka Bank	1.01	1.11	1.00	0.95	1.66	0.18	1.11	0.17	2.04	2.83	0.48	0.57	13.11
Karur Vysya Bank	0.14	0.16	0.24	0.20	0.45	0.04	0.36	0.09	1.23	1.89	0.21	0.36	5.37
Kotak Mahindra Bank	0.01	0.00	0.00	0.16	1.64	0.67	0.11	0.00	0.00	0.00	0.00	0.08	2.67
IDBI Bank	0.35	0.31	0.54	1.04	1.74	0.20	2.40	0.29	3.33	4.06	0.68	0.96	15.9
South Indian Bank	0.26	0.23	0.16	0.12	0.24	0.02	0.15	0.05	0.67	1.11	0.24	0.40	3.65
YES Bank	0.08	0.13	0.13	0.17	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.52

Source: Author's calculation based on secondary data collected from annual reports of public and private sector banks

Table 4.2.7 reveals that State Bank of India has the huge potential to reduce its number of branches to 128 followed by 37 branches of Punjab National Bank and 30 branches of Canara Bank whereas ICICI Bank has no requirement of reducing its number of branches for increasing efficiency in bancassurance business. It can be interpreted from Table 4.2.3.3 that most public sector banks need to reduce the number of employees for increasing the efficiency of the bancassurance business and private sector banks have less potential to reduce the number of employees for increasing the efficiency of bancassurance.

4.2.3 Productivity Analysis of Bancassurance Business of Public and Private Sector Banks in India

4.2.3.1 Year-Wise Analysis

Table 4.2.8 shows the efficiency change, technical change, pure technical change, scale efficiency changes and TFP change in bancassurance business of public and private sector banks in India for the period of 2010-2021. The average values of change in efficiency, change in technology, change in pure technology, change in scale efficiency and change in TFP for 2010-2021 were 0.966, 1.104, 0.915, 1.056 and 1.066 respectively. The values of averages depicted growth in the bancassurance business of public and private sector banks of India due to technical improvements. Also, it was found that there was instability in growth over the years. However, in 2010-11, 2011-12, 2012-13, 2015-16 and 2017-18, TFP change was not recorded well for all banks whereas the bancassurance business of all banks witnessed growth in 2013-14, 2014-15, 2016-17, 2018-19, 2019-20 and 2020-21 due to developments in technical growth.

Table 4.2.8 Year-Wise Productivity Change and Malmquist Index Summary of Bancassurance Business of Public and Private Sector Banks

Year	Efficiency Change	Technical Change	Pure Technical Change	Scale Efficiency Change	TFP Change
2010-11	0.954	0.992	0.776	1.23	0.947
2011-12	0.934	0.991	0.734	1.272	0.925
2012-13	0.873	0.928	0.93	0.939	0.81
2013-14	1.914	0.596	1.71	1.12	1.141
2014-15	0.11	10.878	0.111	0.996	1.197
2015-16	7.812	0.113	7.305	1.069	0.885
2016-17	0.171	8.984	0.176	0.97	1.535
2017-18	9.287	0.106	8.396	1.106	0.982
2018-19	1.326	0.81	1.312	1.011	1.073
2019-20	0.175	7.093	0.186	0.939	1.24
2020-21	1.454	0.81	1.418	1.025	1.178
Mean	0.966	1.104	0.915	1.056	1.066

Source: Author's calculation based on secondary data collected from annual reports of public and private sector banks

It was found from the table 4.2.8 that in 2013-14 banks witnessed positive growth of 11.41 percent due to positive changes in efficiency change, pure technical change and scale efficiency change. In 2014-15 also banks show 11.97 percent TFP change all due to technical change in the inputs taken. In the year 2016-17, 15.35 percent TFP change was observed again all due to technical change. In 2018-19, 10.73 percent TFP change was observed due to efficient management, pure technical change and scale efficiency change. In 2019-20, 12.4 percent TFP change was observed and it was all due to technical change. However, 2020-21 was the year which observed 11.78 percent TFP change which was observed due to efficiency change, pure technical change and scale efficiency change. For all the years taken under study, it was found that majority of the growth in total factor productivity were due to technical changes and scale efficiency changes.

4.2.3.2 Bank-Wise Analysis

Table 4.2.9 depicts the values of efficiency change, technical change, pure technical change, scale efficiency changes and TFP change of all the public and private sector banks for the period of 2010-11 to 2020-21. It was found that majority of the public sector banks observed positive TFP change which were majorly due to technical changes and scale efficiency changes. However, there were few banks such as Bank of Maharashtra, Central Bank of India, Punjab National Bank, State Bank of India and

Union Bank of India which observed positive TFP change due to efficiency changes, technical changes, pure technical changes and scale efficiency changes. In private sector banks also, majority of the banks have shown positive TFP change during the last one decade majorly due to technical and scale efficiency changes. However, ICICI Bank was the only bank that observed TFP change due to efficiency change, technical change, pure technical change and scale efficiency change.

Table 4.2.9 Bank-Wise Productivity Change and Malmquist Index Summary of Bancassurance Business of Public and Private Sector Banks (2010-11 to 2020-21)

Name of the Bank	Efficiency Change	Technical Change	Pure Technical Change	Scale Efficiency Change	TFP Change
Public Sector Banks					
Bank of Baroda	0.996	1.129	0.995	1.002	1.125
Bank of India	0.97	1.129	0.97	1	1.095
Bank of Maharashtra	1.022	1.121	1.021	1.001	1.146
Canara Bank	0.972	1.129	0.971	1.001	1.097
Central Bank of India	1.03	1.073	1.03	1	1.106
Indian Bank	0.985	1.123	0.978	1.007	1.106
Indian Overseas Bank	0.922	1.1	0.921	1	1.014
Punjab and Sind Bank	0.875	1.129	0.862	1.016	0.988
Punjab National Bank	1.152	1.109	1.152	1	1.278
State Bank of India	1.051	1.11	1.018	1.033	1.166
UCO Bank	0.964	1.101	0.961	1.003	1.062
Union Bank of India	1.062	1.129	1.057	1.005	1.198
Private Sector Banks					
Axis Bank	0.933	1.126	0.928	1.005	1.051
City Union Bank	0.982	1.066	0.53	1.854	1.047
Dhanlaxmi Bank	0.8	1.066	1	0.8	0.853
Federal Bank	1.001	1.095	0.987	1.015	1.097
HDFC Bank	0.868	1.114	0.88	0.987	0.968
ICICI Bank	1	1.102	1	1	1.102
IndusInd Bank	0.834	1.071	0.741	1.125	0.894
Karnataka Bank	0.897	1.066	0.864	1.039	0.956
Karur Vysya Bank	0.999	1.066	0.947	1.055	1.065
Kotak Mahindra Bank	0.977	1.099	0.886	1.102	1.074
IDBI Bank	0.951	1.129	0.943	1.009	1.074
South Indian Bank	1.019	1.075	0.982	1.038	1.095
YES Bank	0.963	1.14	0.556	1.73	1.098
Mean	0.966	1.104	0.915	1.056	1.066

Source: Author's calculation based on secondary data collected from annual reports of public and private sector banks

All the banks have shown positive changes in TFP of their bancassurance business except Punjab and Sind Bank among public sector banks, Dhanlaxmi Bank, HDFC Bank, IndusInd Bank and Karnataka Bank among private sector banks. All these banks have TFP lower than one depicting a decline in productivity of the bancassurance business even if their technical changes showed positive growth. The highest TFP change was observed in Punjab National Bank among public sector banks and ICICI Bank among private sector banks. The reason for the same can be that these banks were performing efficiently in all the scales like managerial efficiency, technical efficiency as values for efficiency change, technical change, pure technical change and scale efficiency change was either 1 and more than 1. However, Punjab National Bank observed the highest TFP change among all banks viewing positive growth of the bancassurance business of public sector banks.

4.2.4 Forecasting of Bancassurance Income of Public and Private Sector Banks in India

The present section forecasted bancassurance income earned by banks on the basis of 2009-10 to 2020-21. The use of Autoregressive Integrated Moving Average (ARIMA) Method has been done to forecast the bancassurance business. Income for the upcoming three years 2022-23, 2023-24 and 2024-25 has been estimated with the help of the ARIMA Model. In order to estimate the ARIMA Model, the values of the Akaike Info Criterion, Hannan-Quinn Criterion and Bayesian Information Criterion were considered.

4.2.4.1 Forecasting of Bancassurance Income of Public Sector Banks

Table 4.2.10 depicts the estimation of the ARIMA Model using Akaike Info Criterion, Hannan-Quinn Criterion and Bayesian Information Criterion. The best-fitted model for Bank of Baroda is ARIMA (0,1,1), Bank of India is ARIMA (2,0,2), Bank of Maharashtra is ARIMA (2,2,0), Canara Bank is ARIMA (2,0,2), Central Bank of India is ARIMA (2,0,0), Indian Bank is ARIMA (0,0,2), Indian Overseas Bank is ARIMA (0,1,0), Punjab and Sind Bank is ARIMA (2,1,2), Punjab National Bank is (0,0,0), State Bank of India is ARIMA (0,1,0), UCO Bank is ARIMA (0,0,1) and Union Bank of India is ARIMA (0,1,1).

Table 4.2.10 Identification of the ARIMA Model

Sr. No.	Name of the Bank	AIC	BIC	HQ	ARIMA Model
1	Bank of Baroda	1.6332	1.7544	1.5883	ARIMA (0,1,1)
2	Bank of India	7.4582	7.5391	7.4283	ARIMA (2,0,2)
3	Bank of Maharashtra	5.4512	5.5959	5.3600	ARIMA (2,2,0)
4	Canara Bank	0.1653	0.4261	0.1117	ARIMA (2,0,2)
5	Central Bank of India	0.6349	0.8087	0.5991	ARIMA (2,0,0)
6	Indian Bank	1.7134	1.8872	1.6776	ARIMA (0,0,2)
7	Indian Overseas Bank	-0.5612	-0.4803	-0.5911	ARIMA (0,1,0)
8	Punjab and Sind Bank	2.8478	3.1086	2.7942	ARIMA (2,1,2)
9	Punjab National Bank	10.0761	10.1569	10.0462	ARIMA (0,0,0)
10	State Bank of India	-0.2600	-01792	-0.2899	ARIMA (0,1,0)
11	UCO Bank	0.4527	0.5831	0.4259	ARIMA (0,0,1)
12	Union Bank of India	0.7192	0.8405	0.6744	ARIMA (0,1,1)

Source: Author's calculation based on secondary data collected from annual reports of public and private sector banks

Table 4.2.11 depicts the estimated bancassurance income of public sector banks in India for 2022-23, 2023-24 and 2024-25. It was observed from the table that the majority of the banks have shown growth in their incomes for the coming three years except for Canara Bank, Central Bank of India, Indian Bank, Punjab and Sind Bank and UCO Bank. However, the Bank of Baroda, Bank of India, Bank of Maharashtra, Indian Overseas Bank, Punjab National Bank, State Bank of India and Union Bank of India have shown growth in their bancassurance incomes.

It was found that Bank of Baroda forecasted a growth of 19.24 percent in the year 2022-23, 21.88 percent growth in year 2023-24 and 21.86 percent growth in the income for the year 2024-25. However, 2024-24 year is forecasting a fall of 0.02 percent from the previous year. Bank of India forecasted a growth of 5.80 percent in the year 2022-23, 5.41 percent growth in income in 2023-24 and fall of 0.39 percent from previous year. In the year 2024-25, bank is forecasting a growth of 5.13 percent in bancassurance income but also predicting a fall in same from previous year. Bank of Maharashtra is forecasting a growth of 1.72 percent in the year 2022-23, 6.45 percent growth in the year 2023-24 and 15.30 percent growth in the year 2024-25.

Indian overseas Bank is predicting a growth of 5.28 percent in the year 2022-23, 5.36 percent growth in 2023-24 and 5.41 percent growth in the year 2024-25. Punjab National Bank is predicting a growth of 7.61 percent in the year 2022-23 however a fall in the percentage of bancassurance income has been observed for coming two years that are 2023-24 and 2024-25. State Bank of India forecasted a growth of 16.28 percent in the year 2022-23 and 16.29 percent growth in 2023-24. However, no growth was forecasted for the years 2023-24 and 2024-25. Union Bank of India forecasted a growth of 26.98 percent in the year 2022-23 and fall in the next year was predicted to 23.54 percent. A slight growth of 0.01 percent is expected in bancassurance income for 2024-25. Indian Bank is the one among public sector category that expects a fall in percentage of bancassurance income for 2022-23 and 2023-24 but also expects growth of 6.45 percent in the year 2024-25. Canara Bank, Central Bank of India, Punjab and Sind Bank and UCO Bank expect fall in their bancassurance income for the coming three years.

Table 4.2.11 Forecasting of Bancassurance Income of Public Sector Banks (in □ Crore)

Year	2009-10	2010-11	2011-12	2021-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Bank of Baroda	6.1	34.9	30.8	33.8	28.7	35.8	35.7	53.1	109.9	125.5	175.8	192.9	253.5	313.9	401.8	514.2
Bank of India	32.4	34.0	41.4	46.1	50.1	59.8	80.4	91.4	103.9	92.1	97.2	98.9	120.2	127.6	134.9	142.2
Bank of Maharashtra	4.3	5.8	7.2	10.8	10.8	11.2	11.5	10.9	15.5	21.2	18.9	22.2	28.5	29.0	31.0	36.6
Canara Bank	64.6	58.0	37.8	37.8	40.7	47.5	54.0	72.6	124.4	160.2	160.8	251.7	321.6	312.6	295.3	251.9
Central Bank of India	15.5	15.7	19.8	24.2	26.1	24.9	19.1	16.8	21.4	20.6	39.5	62.4	74.4	62.9	44.8	31.4
Indian Bank	18.2	12.6	19.3	15.7	8.5	5.7	8.8	12.4	16.3	16.6	20.3	63.0	82.6	38.2	17.4	18.6
Indian Overseas Bank	12.9	18.6	20.4	18.0	19.5	18.9	18.3	15.2	20.2	23.1	22.7	26.0	25.1	26.5	28.0	29.6
Punjab and Sind Bank	19.6	18.0	19.6	5.1	1.2	1.0	1.2	1.0	8.8	3.2	6.0	13.2	17.0	9.6	4.8	2.4
Punjab National Bank	5.1	13.2	33.3	53.6	66.6	81.6	111.0	138.0	184.5	233.3	249.7	380.2	408.2	441.8	475.4	509.0
State Bank of India	223.9	221.1	168.8	244.6	272.6	344.8	464.0	599.8	929.0	1226.7	1436.1	1569.9	1889.3	2256.7	2695.7	3220.1
UCO Bank	10.0	11.0	8.2	9.6	10.1	12.3	10.4	8.7	9.4	8.7	8.5	16.5	24.2	14.9	10.9	10.9
Union Bank of India	10.2	11.0	8.2	26.9	36.7	37.7	49.4	65.0	80.7	98.1	104.4	190.9	218.4	299.1	391.2	511.7

Source: Author's calculation based on secondary data collected from annual reports of public and private sector banks

Actual and Forecasted Income of Public Sector Banks

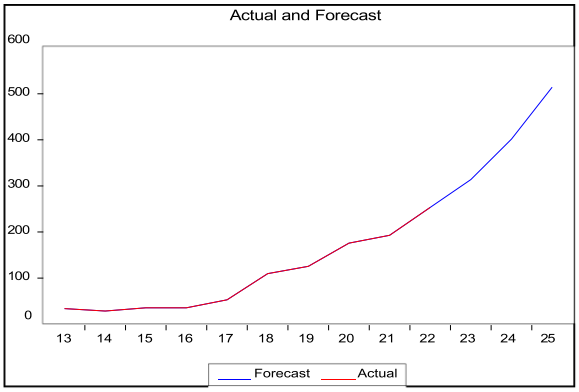


Figure 4.2.1 Forecasted Income of Bank of Baroda

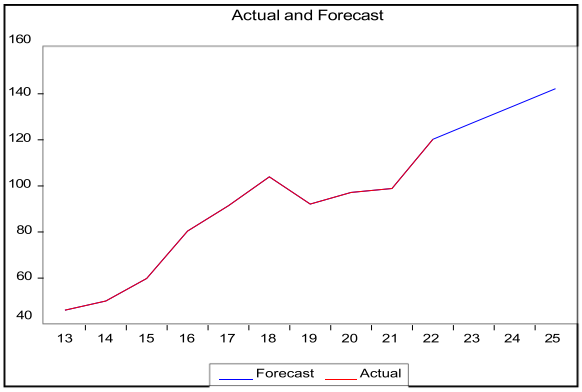


Figure 4.2.2 Forecasted Income of Bank of India

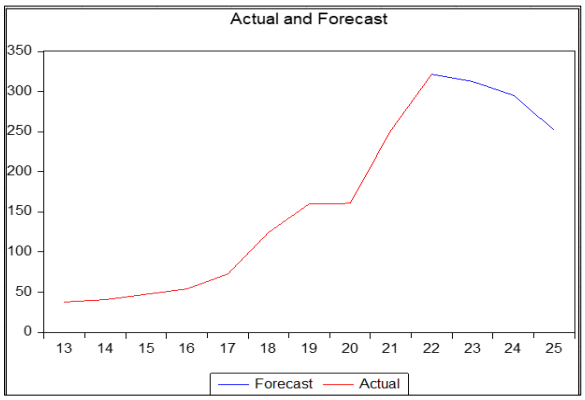


Figure 4.2.3 Forecasted Income of Bank of Maharashtra

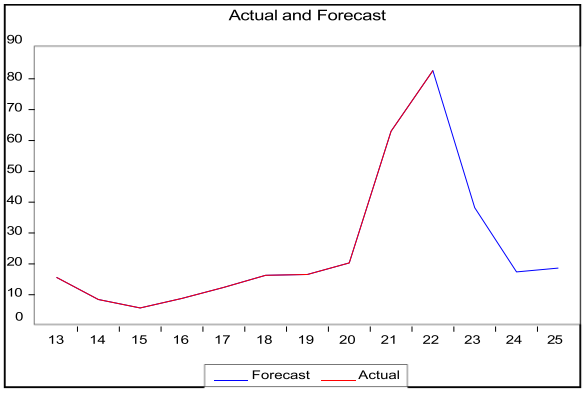


Figure 4.2.4 Forecasted Income of Canara Bank

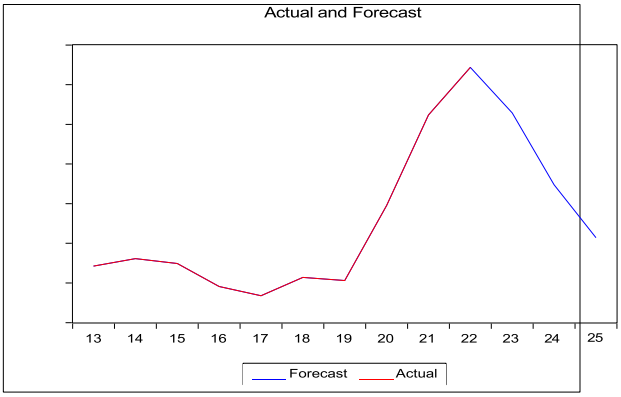


Figure 4.2.5 Forecasted Income of Central Bank of India

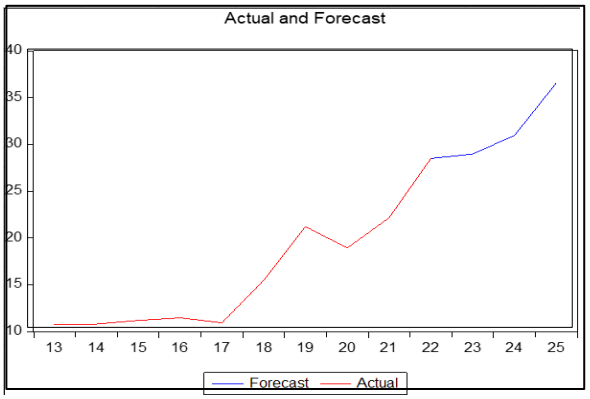


Figure 4.2.6 Forecasted Income of Indian Bank

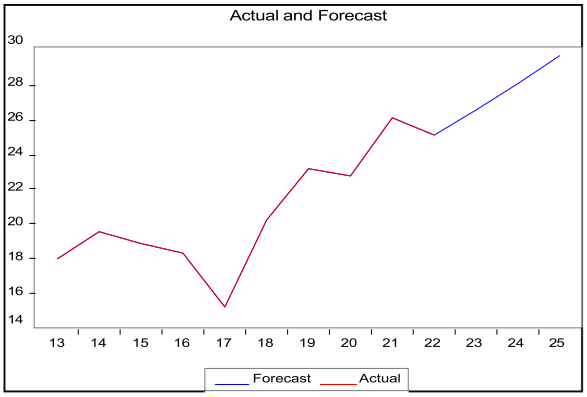


Figure 4.2.7 Forecasted Income of Indian Overseas Bank

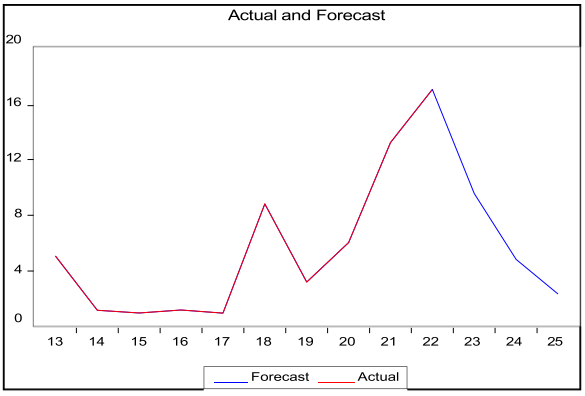


Figure 4.2.8 Forecasted Income of Punjab and Sind Bank

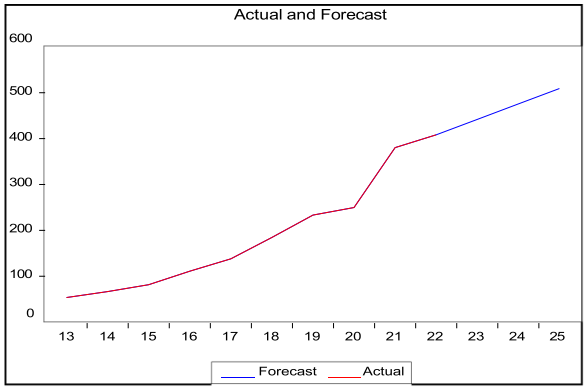


Figure 4.2.9 Forecasted Income of PNB

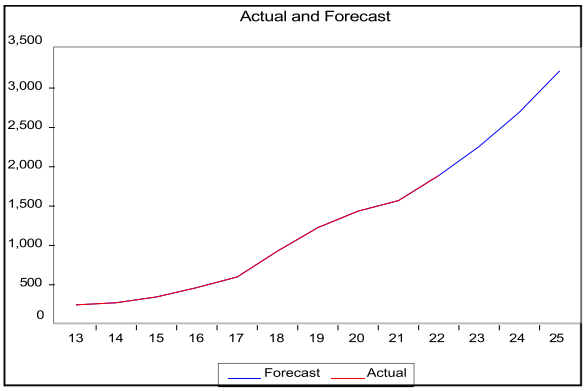


Figure 4.2.10 Forecasted Income of SBI

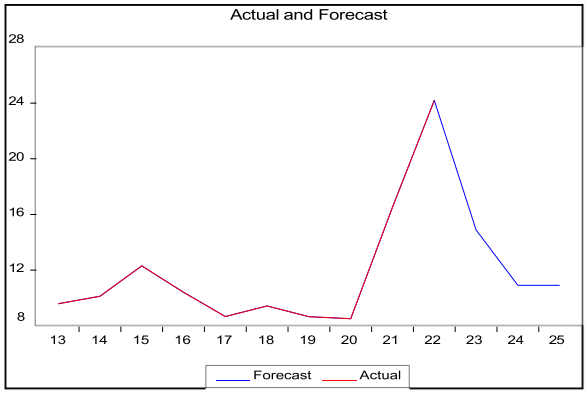


Figure 4.2.11 Forecasted Income of UCO Bank

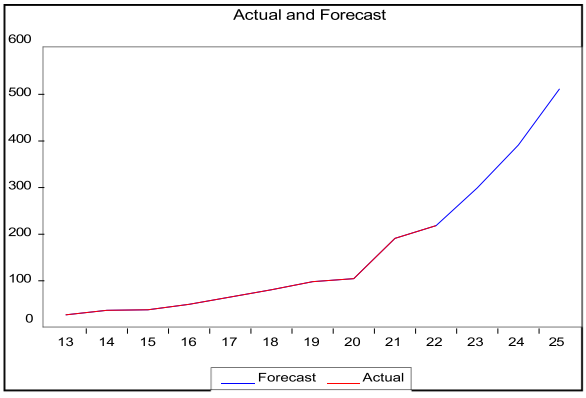


Figure 4.2.12 Union Bank of India

It can be seen from the figures 4.2.1, 4.2.2, 4.2.3, 4.2.7, 4.2.9, 4.2.10 and 4.2.12 that respective banks are predicting growth for the coming three years as graphs are moving upward. However, figure numbers 4.2.4, 4.2.5, 4.2.6, 4.2.8 and 4.2.11 predict fall in bancassurance incomes as lines in these figures are sloping in downward direction. Therefore, Bank of Baroda, Bank of India, Bank of Maharashtra, Indian Overseas Bank, Punjab National Bank, State Bank of India and Union Bank of India have shown growth in their bancassurance incomes and on the other side Canara Bank, Central Bank of India, Indian Bank, Punjab and Sind Bank and UCO Bank have predicted fall in their bancassurance income for the next three years.

4.2.4.2 Forecasting of Bancassurance Income of Private Sector Banks

Table 4.2.12 depicts the estimation of the ARIMA Model through Akaike Info Criterion, Hannan-Quinn Criterion and Bayesian Information Criterion. The best-fitted model for Axis Bank is ARIMA (0,1,0), City Union Bank is ARIMA (0,1,0), Dhanlaxmi Bank is ARIMA (0,0,1), Federal Bank is ARIMA (2,1,0), HDFC Bank is ARIMA (2,0,2), ICICI Bank is ARIMA (0,0,0), IDBI Bank is ARIMA (0,1,2), IndusInd Bank is ARIMA (1,0,0), Karnataka Bank is ARIMA (1,0,0), Karur Vysya Bank is ARIMA (0,0,0), Kotak Mahindra Bank is ARIMA is (0,0,1), South Indian Bank is ARIMA (2,0,2) and YES Bank is ARIMA (0,1,0).

Table 4.2.12 Identification of the ARIMA Model

Sr. No.	Name of the Bank	AIC	BIC	HQ	ARIMA Model
1	Axis Bank	-1.2392	-1.16687	-1.2848	ARIMA (0,1,0)
2	City Union Bank	-0.2664	-0.1941	-0.3121	ARIMA (0,1,0)
3	Dhanlaxmi Bank	3.4255	3.5467	3.3806	ARIMA (0,0,1)
4	Federal Bank	-1.1801	-1.0354	-1.2713	ARIMA (2,1,0)
5	HDFC Bank	15.0427	15.2852	14.9530	ARIMA (2,0,2)
6	ICICI Bank	28.6614	28.7422	28.6314	ARIMA (0,0,0)
7	IDBI Bank	-1.2164	-1.0717	-1.3076	ARIMA (0,1,2)
8	IndusInd Bank	0.7890	0.9103	0.7442	ARIMA (1,0,0)
9	Karnataka Bank	-0.5469	-0.4257	-0.5918	ARIMA (1,0,0)
10	Karur Vysya Bank	5.7924	5.8647	0,5.7468	ARIMA (0,0,0)
11	Kotak Mahindra Bank	14.4833	14.6045	14.4384	ARIMA (0,0,1)
12	South Indian Bank	1.6251	1.8676	1.5354	ARIMA (2,0,2)
13	YES Bank	0.2928	0.3652	0.2472	ARIMA (0,1,0)

Source: Author's calculation based on secondary data collected from annual reports of public and private sector banks

Table 4.2.13 depicts the estimated bancassurance income of private sector banks in India for the coming three years *viz.*, 2022-23, 2023-24 and 2024-25. It was observed from the table that the majority of the banks have shown growth in their incomes for the coming three years except for Dhanlaxmi Bank, HDFC Bank, IndusInd Bank, Karnataka Bank, Kotak Mahindra Bank, ICICI Bank and South Indian Bank. However, Axis Bank, City Union Bank, Federal Bank, ICICI Bank, Karur Vysya Bank, IDBI Bank and Yes Bank have shown an increase in bancassurance income of their banks.

It was observed from the table 4.2.13 that Axis Bank is forecasting a growth of 14.71 percent for all the coming three years viz., 2022-23, 2023-4 and 2024-25. City Union Bank is also expecting a growth of 16.33 percent in next two coming years that are 2022-23 and 2023-24. However, the same bank is expecting a growth of 16.20 percent in the year 2024-25. Dhanlaxmi Bank is forecasting a growth of 6.72 percent in the year 2022-23 and in 2023-24, the same bank is expecting a fall of 83.08 percent whereas no change in percentage of bancassurance income expected in the year 2024-25. Karur Vysya Bank is expecting a growth of 7.07 percent in the year 2022-23, 6.60 percent growth in the year 2023-24 and 5.90 percent growth in the year 2024-25. Kotak Mahindra Bank is expecting a growth of 19.47 percent in the year 2022-23 however, the same bank is expecting a fall in their percentage by 29.55 percent and in the year 2024-25, no growth and no fall in percentage of bancassurance income is expected. IDBI Bank is predicting a growth of 4.76 percent in 2022-23, 9.14 percent growth in the year 2023-24 and 9.06 percent growth in the year 2024-25. YES Bank is forecasting a growth of 21.29 percent in the year 2022-23, 21.30 percent in 2023-24 and 21.29 percent growth in the year 2024-25.

Table 4.2.13 Forecasting of Bancassurance Income of Private Sector Banks (in □ Crore)

Year	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Axis Bank	229.4	290.0	356.2	486.3	513.7	521.5	591.2	595.9	709.1	768.2	1086.8	1320.6	1548.3	1815.4	2128.6
City Union Bank	3.0	3.3	5.0	4.0	4.2	4.4	6.3	7.0	9.3	11.8	16.5	21.0	25.1	30.0	35.8
Dhanlaxmi Bank	66.2	82.3	4.4	0.3	1.4	3.5	1.9	6.6	6.5	6.0	7.6	11.1	11.9	6.5	6.5
Federal Bank	12.6	17.3	25.9	21.9	22.4	34.9	37.7	35.0	56.0	66.7	66.6	85.1	97.4	114.3	134.2
HDFC Bank	713.3	563.1	594.7	454.3	591.1	817.9	955.9	1395.8	1696.1	2455.0	1760.4	1822.6	1573.2	1248.3	912.2
ICICI Bank	94902.0	102703.0	111675.0	118282.0	70039.0	840280.0	105331.0	995400.0	111751.0	102724.0	751620.0	667770.0	339373.1	339373.1	339373.1
IndusInd Bank	138.4	161.3	107.3	112.0	165.7	147.9	211.9	345.0	307.1	264.1	234.2	337.3	296.5	269.2	250.4
Karnataka Bank	26.7	30.0	27.9	29.4	26.6	31.0	26.9	32.6	42.8	49.7	50.9	47.6	45.4	43.7	42.3
Karur Vysya Bank	4.6	5.5	8.3	8.4	8.7	9.4	9.4	15.6	22.5	26.0	19.8	26.3	28.3	30.3	32.2
Kotak Mahindra Bank	23.1	22.9	42.4	53.8	967.0	1033.9	161.5	191.7	213.6	218.0	265.9	306.1	380.1	293.4	293.4
IDBI Bank	37.9	34.4	49.2	52.2	43.1	54.5	66.8	67.6	79.0	78.9	93.0	106.0	111.3	122.5	134.7
South Indian Bank	4.6	4.3	3.6	2.8	3.4	3.2	3.6	12.7	17.8	20.7	25.7	34.6	30.9	27.9	25.4
YES Bank	12.8	14.8	20.0	23.8	35.8	56.5	100.4	76.8	86.8	83.6	130.2	178.6	226.9	288.3	366.3

Source: Author's calculation based on secondary data

Actual and Forecasted Income of Private Sector Banks

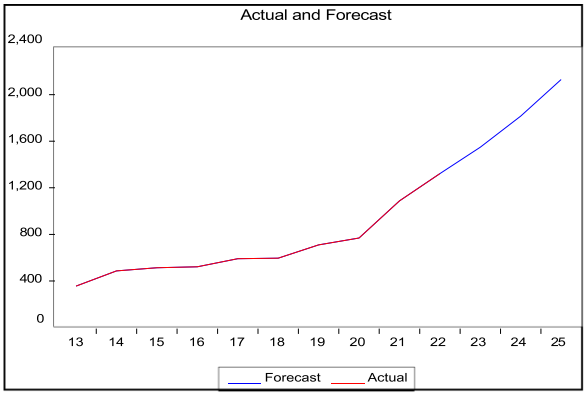


Figure 4.2.13 Forecasted Income of Axis Bank

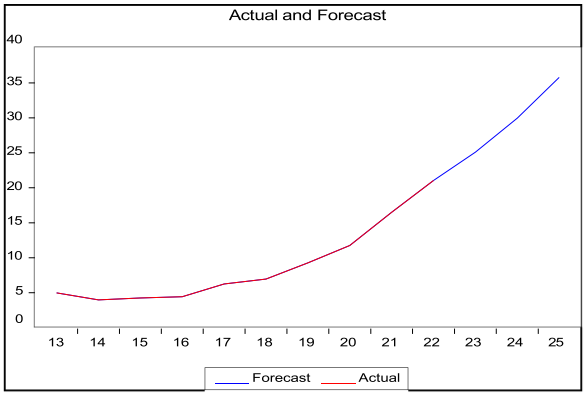


Figure 4.2.14 Forecasted Income of City Union Bank

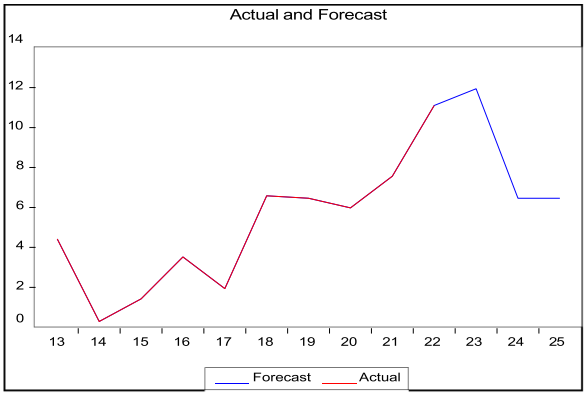


Figure 4.2.15 Forecasted Income of Dhanlaxmi Bank

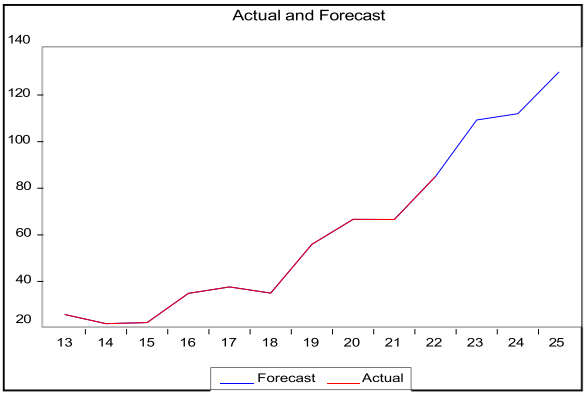


Figure 4.2.16 Forecasted Income of Federal Bank

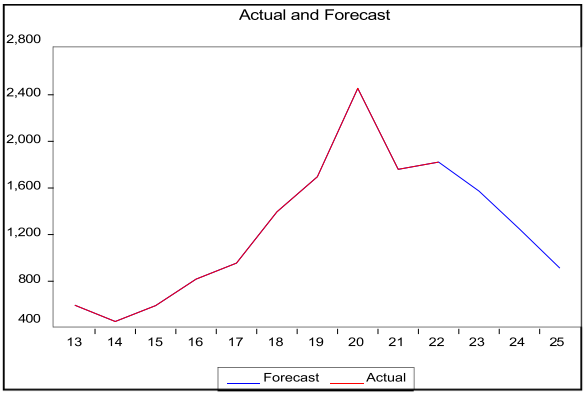


Figure 4.2.17 Forecasted Income of HDFC Bank

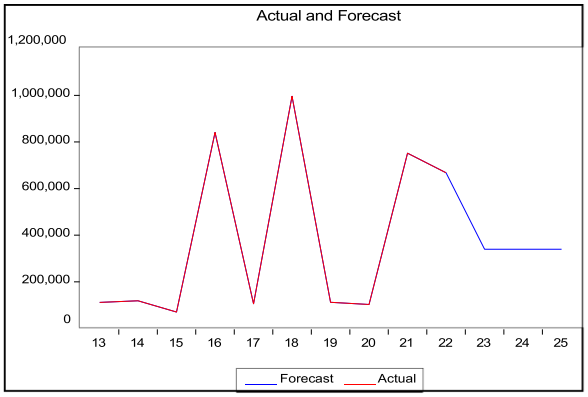


Figure 4.2.18 Forecasted Income of ICICI Bank

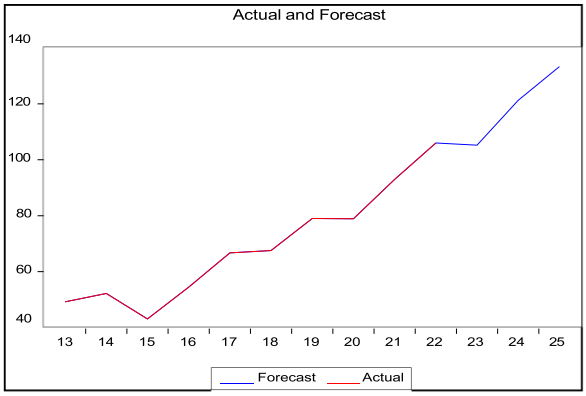


Figure 4.2.19 Forecasted Income of IDBI Bank

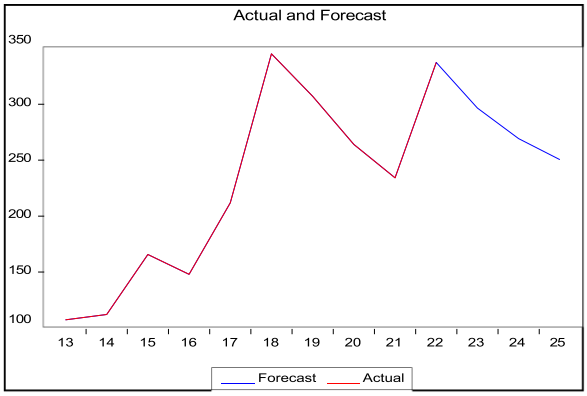


Figure 4.2.20 Forecasted Income of IndusInd Bank

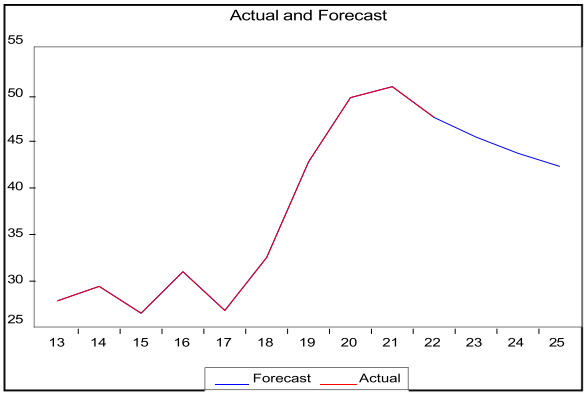


Figure 4.2.21 Forecasted Income of Karnataka Bank

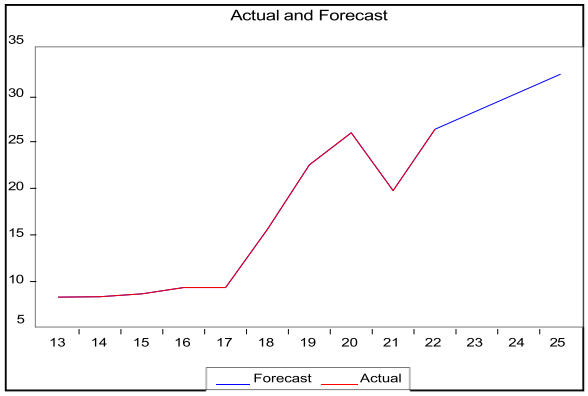


Figure 4.2.22 Forecasted Income of Karur Vysya Bank

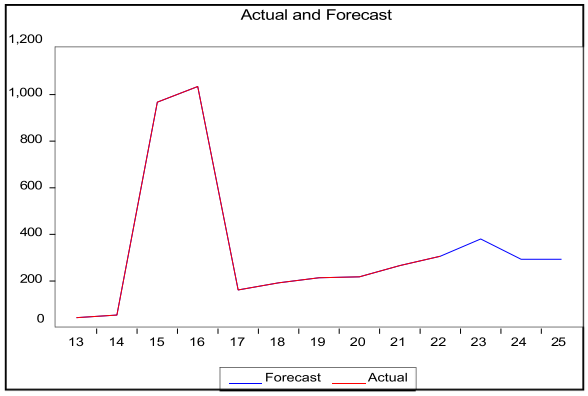


Figure 4.2.23 Kotak Mahindra Bank

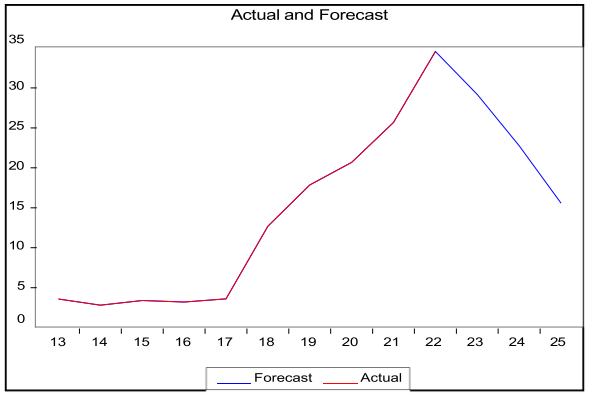


Figure 4.2.24 South Indian Bank

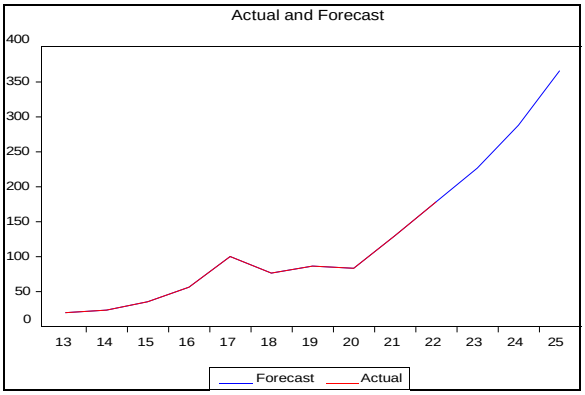


Figure 4.2.25 Forecasted Income of YES Bank

Through figures 4.2.13, 4.2.14, 4.2.16, 4.2.19, 4.2.22 and 4.2.25, it can be seen that graph of bancassurance income is going upward thus depicting growth in the upcoming three years for Axis Bank, City Union Bank, Federal Bank, Karur Vysya Bank, IDBI Bank and Yes Bank. However, it can be seen through figures 4.2.15, 4.2.17, 4.2.18, 4.2.20, 4.2.21, 4.2.23 and 4.2.24 that graph is sloping downward thus depicting fall in bancassurance income of Dhanlaxmi Bank, HDFC Bank, ICICI Bank, IndusInd Bank, Karnataka Bank, Kotak Mahindra Bank and South Indian Bank.

SECTION III

4.3 CONCLUSION

It was observed that bancassurance business was valued at $ 901.5 billion in the year 2021 and is forecasted to hit $ 1.8 trillion by the year 2031 with a compounded annual growth rate of 7.4 percent. COVID-19 had impacted the market of bancassurance moderately and the swift adoption of digitalization has also increased the demand for bancassurance in the last two-three years. The present chapter examined the growth pattern and recent trends of bancassurance in India.

It was found that penetration of the insurance sector in India has been steady in the previous two years viz., 2021-22 and 2022-23. The penetration rate was observed at 4.20 percent in both years indicating that penetration of insurance in India is moving at a constant rate. The density of the insurance sector in India has recorded an upward trend in the last two years. In the year 2020-21, density was recorded at US$ 78 and in the year 2021-22, it was recorded at US$ 91. However, both penetration and density of insurance in India have shown satisfactory growth in the last two decades. According to IRDA Report, 2021-22 there is a relevant proportion of banks (42 percent) among corporate agents associated with the insurance business in India.

To study the growth of bancassurance in India, contribution of banks in the collection of new business premium were analyzed for the period 2012-13 to 2021-22. It was observed that the contribution of banks in new business premiums of life insurers in the last ten years has only witnessed a growth trend. Every year there is a certain increase in the contribution of banks for collection of premiums. If the performance of banks is compared with other channels of distribution of life insurance, it has been found that banks have performed well in comparison to the other channels. The share of individual agents and other channels of distribution like direct selling has declined over the years. The individual agents and direct selling used to be the dominant sector for insurance distribution but now the scenario is reversed.

Through bank-wise analysis, it was found that out of all public and private sector banks, ICICI bank was the one which showed efficiency in both the scenarios whether operating at constant returns to scale or variable returns to scale. Dhanlaxmi bank has also showed efficiency when operating at variable returns to scale with BCC

value = 1. All the other banks in both sectors showed less efficiency as the value for all banks was less than one. When banks are operating at constant returns to scale, State Bank of India from public sector banks and ICICI Bank from private sector banks have performed better than all other banks. However, when banks are operating at variable returns to scale, it was found that out of public sector banks, Punjab and Sind Bank and out of private sector banks, ICICI Bank and Dhanlaxmi Bank have performed better than all other banks. Overall, it was observed that ICICI Bank has performed better than all other public and private sector banks. It was observed through year-wise analysis that both types of banks have shown less efficiency in all the years assuming constant returns to scale except ICICI Bank.

DEA methodology was applied to know the overutilization of employees, total assets and number of branches. It was found that the State Bank of India has the huge potential to reduce the consumption of assets of ₹ 22014.1 crore for the bancassurance business followed by HDFC Bank which has the potential of reducing the consumption of assets of ₹ 16384.9 crore. It was also observed that HDFC Bank has the huge potential to reduce its number of employees to 1335 for the bancassurance business followed by Kotak Mahindra Bank which has the potential to reduce its employees to 1145. State Bank of India has the huge potential to reduce its number of branches to 128 followed by 37 branches of Punjab National Bank and 30 branches of Canara Bank.

The changes in productivity of bancassurance business of banks were examined with the help of the malmquist index of productivity change. In the years 2010-11, 2011-12, 2012-13, 2015-16 and 2017-18, TFP change was not recorded well for all banks whereas the bancassurance business of all banks witnessed growth in 2013-14, 2014-15, 2016-17, 2018-19, 2019-20 and 2020-21 due to developments in technical growth. However, the bank-wise analysis showed that all the banks found to have a positive change in TFP of bancassurance business except Punjab and Sind Bank among public sector banks, Dhanlaxmi Bank, HDFC Bank, IndusInd Bank and Karnataka Bank among private sector banks. The highest TFP change was observed in PNB and ICICI Bank. ARIMA model was applied to forecast the bancassurance income of banks for the coming three years. It was observed that the majority of the public sector banks have shown growth in their incomes for the coming three years except for Canara Bank,

Central Bank of India, Indian Bank, Punjab and Sind Bank and UCO Bank. For private sector banks, Dhanlaxmi Bank, HDFC Bank, IndusInd Bank, Karnataka Bank, Kotak Mahindra Bank and South Indian Bank have observed fall in their bancassurance incomes.

Through comparative efficiency analysis, it was observed that private sector banks are performing better than public sector banks in bancassurance due to technical and scale efficiency. Thus, public sector banks should initiate to face the challenge of competing with private banks for improving their market of bancassurance. However, it has also been observed that people trust public sector banks more than private sector banks due to reputation, long-term relationships etc. Thus, private sector banks need to take steps to build confidence among the masses in order to enhance the penetration of bancassurance among their customers. Most of the public sector banks have observed potential reduction in their branches, employees and consumption of assets that can also help to improve efficiency by reducing wastages. However, private sector banks should also improve their productivity and profitability by reducing the number of employees, branches and consumption of assets. To keep a high impetus for growth of bancassurance, both public as well as private sector banks should constantly review the reforms to analyze their compatibility with the existing pecuniary situation.

CHAPTER V

AWARENESS ABOUT BANCASSURANCE AMONG CUSTOMERS OF PUBLIC AND PRIVATE SECTOR BANKS IN PUNJAB

Bancassurance in recent times has grown as a charioteer for the economic rearing of the banks in India (Karunagaran, 2006; Kumari et al., 2014; Asthana and Pandey, 2015; Kaur and Menani, 2017). The growth of bancassurance has reached to a state where it is said that banks can use bancassurance as a tool for improving their financial and market position by making their clients aware about it (Leepsa and Singh, 2016; Sahoo, 2017; Chepkorir and Mugo, 2018; Dolvine and Muturi, 2019; Kumar and Bharathi, 2019). Assessing the level of awareness of customers about bancassurance is an essential requirement for accomplishing the objective of introducing bancassurance (Okeahalam, 2008; Chattha, 2020; Rajamannar and Yamuna, 2020). Hence, study of level of awareness of customers and the factors that affect their level of awareness demand significance (Bhalla and Grover, 2013; Srilatha, 2015). This analysis will help to propose considerable policies and strategies for improvement of the scope of awareness about bancassurance among bank customers of Punjab. The level of awareness of features of bancassurance products mostly depends upon the socio-demographic, economic and behavioral factors of the customers (Popli and Rao, 2009; Bhalla and Grover, 2013; Bhola, 2015; Bawa and Chatha, 2016; Bharathi and Kumar, 2019).

The chapter is divided into three different parts. Part I describes the socio-demographic profile of respondents. Section II depicts the level of awareness about bancassurance and its features. Section III provides a conclusion of the chapter.

SECTION I

5.1. SOCIO-DEMOGRAPHIC PROFILE OF THE RESPONDENTS

5.1.1. Socio-Demographic Profile of the Respondents

It was observed from Table 5.1.1 that respondents were almost in equal proportion (20 percent) from all five districts of Punjab. The majority were female (55 percent) respondents followed by male (45 percent) respondents. Maximum respondents were of 21-30 yrs. (41 percent) followed by 31-40 yrs. (19 percent). Out

of 536 respondents, 45 percent of the respondents were post-graduate followed by graduates (41.6 percent). 59.6 percent respondents were unmarried. Major proportion of the respondents were doing service (52.8 percent) followed by business (24 percent). It was found that 24 percent of respondents were earning a monthly income of ₹ 20,001- ₹ 30,000 followed by ₹ 60001 and above (22 percent). Exact half proportion of respondents were divided in to joint and nuclear category, with maximum of them with family size of 2-4 members (44.4 percent).

Table 5.1.1 Socio-Demographic Traits

Characteristics	**(N= 536) (%)**
District	
Amritsar	107 (20)
Ludhiana	107 (20)
Patiala	109 (20.3)
Sangrur	107 (20)
Jalandhar	106 (19.7)
Gender	
Male	241 (45)
Female	295 (55)
Age	
Up to 20 years	91 (17)
21-30 years	220 (41)
31-40 years	102 (19)
41-50 years	80 (14.9)
51-60 years	30 (5.6)
Above 60 years	13 (2.4)
Education	
Primary	10 (1.9)
Secondary	62 (11.6)
Graduation	223 (41.6)
Post Graduation	241 (45)

Contd.

Marital Status	
Married	216 (40.4)
Single	318 (59.6)
Present Work Status	
Service	283 (52.8)
Business	128 (23.9)
Homemaker	96 (17.9)
Retired	29 (5.4)
Monthly Income	
Up to ₹ 20,000	38 (7.1)
₹ 20001- ₹ 30000	129 (24.1)
₹ 30001- ₹ 40000	40 (7.5)
₹ 40001- ₹ 50000	103 (19.3)
₹ 50001- ₹ 60000	108 (20.2)
₹ 60001 and above	117 (21.9)
Family Type	
Joint	268 (50)
Nuclear	268 (50)
Family Size	
Up to 2 members	20 (3.7)
2-4 members	238 (44.4)
4-6 members	151 (28.2)
6 members and above	127 (23.7)

Source: Author's calculation based on primary data

5.1.2 General Information Related to Bank and Insurance

Table 5.1.2 shows that the majority respondents had their accounts in Punjab National Bank (14.2 percent). Only 11.8 percent of respondents were those having accounts in their respective banks for more than 8 years as most of the respondents were moving from one bank to another after 4-6 years. 79.1 percent of respondents prefer to take banking services through online mode however 43.7 percent of respondents prefer to visit banks every month. However, among respondents who preferred to take services

through online mode, around 46.7 percent of respondents were those who were taking services from 0-2 years. 72.9 percent of respondents were not subscribed to any type of insurance. It was also observed that the majority of the respondents had taken insurance from insurance agents (46.2 percent) followed by banks (42.8 percent). Only 9 percent of respondents were those who had taken insurance through online mode. The majority of respondents (64 percent) had taken life insurance and that was also with the objective of protection (77.9 percent).

Table 5.1.2 General Information Related to Bank and Insurance

Characteristics	**(N) (%)**
Name of the bank	
Punjab National Bank	76 (14.2)
State Bank of India	74 (13.8)
UCO Bank	74 (13.8)
Punjab and Sind Bank	62 (11.6)
ICICI Bank	57 (10.6)
HDFC Bank	55 (10.3)
Dhanlaxmi Bank	69 (12.9)
City Union Bank	69 (12.9)
Since how many years have you been taking banking services?	
0-2 years	103 (19.2)
2-4 years	151 (28.2)
4-6 years	154 (28.7)
6-8 years	65 (12.1)
8 years and above	63 (11.8)
How frequently do you visit your bank?	
Daily	1 (0.2)
Weekly	37 (6.9)
Monthly	234 (43.7)
Yearly	51 (9.5)

Contd.

Don’t visit banks (prefer to take services online)	213 (39.7)
Do you prefer taking banking services through online mode?	
Yes	424 (79.1)
No	72 (13.4)
If yes, for how many years have you been availing services online?	
0-2 years	198 (46.7)
2-4 years	180 (42.5)
4-6 years	14 (3.3)
6-8 years	28 (6.6)
8 years and above	4 (0.9)
Have you taken any type of insurance?	
Yes	145 (27.1)
No	391 (72.9)
Through which mode you have taken an insurance policy?	
Insurance agent	67 (46.2)
Bank	62 (42.8)
Online	13 (9.0)
None	3 (2.1)
Which insurance policy you have taken?	
Life insurance	93 (64.1)
Health insurance	36 (24.8)
Motor insurance	4 (2.8)
Any other	12 (8.3)
What are the objectives of taking an insurance policy?	
Investment	26 (17.9)
Protection	113 (77.9)
Tax benefit	6 (4.2)

Source: Author's calculation based on primary data

SECTION II

5.2 AWARENESS OF THE RESPONDENTS

5.2.1 Awareness and Sources of Awareness about Bancassurance in Punjab

Table 5.2.1 shows that 66.5 percent of respondents out of 536 were aware of bancassurance; however, 33.5 percent of respondents were not aware of same. The majority of respondents were aware of bancassurance through advertisements (37.9 percent) followed by friends and relatives (23.6 percent), bank staff (19.1 percent), bank's website (18.8 percent) and exhibitions/ conferences/ awareness camps (6 percent). It was further found that very less respondents were aware (15.3 percent) about the omni channels provided by banks and also, they can buy insurance through omni channels of the banks (17.6 percent).

Table 5.2.1 Awareness and Sources of Awareness about Bancassurance in Punjab

Characteristics	**(N) (%)**
Are you aware that banks sell insurance policies (Bancassurance)?	
Yes	356 (66.5)
No	180 (33.5)
If yes, what is the source of your awareness about banks selling insurance policies? *	
Advertisement	135 (37.9)
Bank staff	68 (19.1)
Friends and relatives	84 (23.6)
Bank’s website	67 (18.8)
Exhibitions/ conferences/ awareness camps organized by the bank	2 (6)
Are you aware of Omni channels provided by banks for their services?	
Yes	82 (15.3)
No	453 (84.7)
Are you aware that you can take insurance through Omni channels of banks?	
Yes	94 (17.6)
No	441 (82.4)
If yes, what is the source of your awareness about Omni channels? *	
Bank staff	13 (15.9)
Bank’s websites	17 (20.7)
Friends and relatives	3 (3.7)
Advertisements	49 (59.8)

Source: Author's calculation based on primary data.
Note: *Multiple responses are possible.

5.2.2. Awareness about Bancassurance and its Association with Socio-Demographic Variables in Punjab

Table 5.2.2 observed that out of 356 aware respondents' majority of the aware respondents were from Amritsar (29.91 percent) and male respondents were more aware (73.44 percent) in comparison to female respondents (60.67 percent). Maximum aware respondents were from the category of 21-30 years (75.82 percent). Mostly graduates (77.13 percent) were aware and the least aware respondents (20 percent) were those who had only primary-level education. The majority of the aware respondents (79.24 percent) were unmarried and respondents who were in service were more aware (81.25 percent) in comparison to businessmen.

It was observed from analysis that there was a significant association between awareness and all the socio-demographic variables as p-values for all the variables were less than 0.05. The $\chi 2$ test value of 108.4 ($p<0.05$) indicated a significant association between awareness and the district of respondents. However, Cramer's V value (0.450) indicated a weak strength of association between both variables. In the case of gender ($p=0.002$) it indicated the acceptance of the alternate hypothesis and ultimately association was found between gender and awareness of the respondent with a $\chi 2$ value of 9.692 ($p<0.05$). However, a phi value of 0.134 showed a weak strength of association among them.

The chi-square value of 47.239 ($p<0.05$) revealed a significant association between the age and awareness about bancassurance. Further, Cramer's V value of 0.297 showed a weak strength of association. The value obtained from chi-square test showed that education and awareness of respondents were significantly associated as the value was 27.898 ($p <0.05$). However, Cramer's V value of 0.228 showed a weak strength of association between the variables.

Table: 5.2.2 Awareness of Bancassurance and its Association with Socio-Demographic Traits in Punjab

Socio-Demographic Variables	Awareness about Bancassurance		Grand Total
	Aware	Unaware	
District			
Amritsar	32 (29.91)	75(70.09)	107 (19.96)
Ludhiana	84 (78.50)	23 (21.50)	107 (19.96)
Patiala	65 (59.63)	44 (40.36)	109 (20.33)
Sangrur	40 (37.38)	67 (62.62)	107 (19.96)
Jalandhar	60 (56.61)	46 (43.39)	106 (19.79)
Gender			
Male	177 (73.44)	64 (26.56)	241(44.96)
Female	179 (60.67)	116 (39.33)	295 (55.04)
Age			
Up to 20 years	166 (75.45)	54 (24.55)	220 (41)
21- 30 years	69 (75.82)	22 (24.18)	91 (17)
31- 40 years	65 (63.72)	37 (36.28)	102 (19)
41-50 years	37 (46.25)	43 (53.75)	80 (14.9)
51-60 years	18 (60)	12 (40)	30 (5.6)
Above 60 years	1 (7.69)	12 (92.31)	13 (2.4)
Education			
Primary	2 (20)	8 (80)	10 (1.9)
Secondary	41 (66.12)	21 (33.88)	62 (11.6)
Graduation	172 (77.13)	51 (22.87)	223 (41.6)
Post-Graduation	141 (58.51)	100 (41.49)	241 (45)
Marital Status			
Married	104 (48.14)	112 (51.86)	216 (40.4)
Single	252 (79.24)	66 (20.76)	318 (59.6)
Work Status			
Service	229 (81.25)	54 (19.08)	283 (52.8)
Business	81 (63.28)	47 (36.72)	128 (23.9)
Homemaker	34 (35.42)	62 (64.58)	96 (17.9)
Retired	12 (41.37)	17 (58.63)	29 (5.4)
Income			
Less than □20,000	29 (76.31)	9 (23.69)	38 (7.1)
□20,001- □30,000	72 (55.82)	57 (44.18)	129 (24.1)
□ 30,001- □ 40,000	19 (47.5)	21 (52.5)	40 (7.5)

Contd.

□ 40,001 - □ 50,000	67 (65.04)	36 (34.96)		103 (19.3)
□ 50,001 - □ 60,000	73 (67.59)	35 (32.41)		108 (20.2)
□ 60,000 and above	95 (81.19)	22 (18.81)		117 (21.9)
Family Type				
Nuclear	193 (72.01)	75 (27.99)		268 (50)
Joint	163 (60.82)	105 (39.18)		268 (50)
Family Size				
Up to 2 members	5 (25)	15 (75)		20 (3.7)
2-4 members	164 (68.90)	74 (31.09)		238 (44.4)
4-6 members	119 (78.80)	32 (21.20)		151 (28.2)
6 members and above	68 (53.54)	59 (46.49)		127 (23.7)
Variables	**Chi-Square (Value)**	**p-Value**	**Phi**	**Cramer's V**
District	108.4**	0.000	-	0.450
Gender	9.692**	0.002	0.134	-
Age	47.239	0.000	-	0.297
Education	27.898	0.000	-	0.228
Marital Status	55.975	0.000	-0.324	-
Work Status	18.323	0.000	-	0.185
Income	26.176	0.000	-	0.221
Family Type	7.528	0.006	-0.119	-
Family Size	35.874	0.000	-	0.259

Note: ** Significant at 1% probability level; * Significant at 5% probability level; • Significant at 10% probability level; NS Non-significant.
Source: Author's calculation based on primary data

However, marital status was associated with the awareness of the respondent as $\chi 2$ value was 55.975 (p <0.05) however the phi value of -0.324 indicated a negative strength of association. The work status of the respondent and awareness about bancassurance was significantly associated (p=.000). The chi-square value of 18.323 (p=.000) and Cramer's V value of 0.185 showed a weak strength of association between the variables. Similarly, income was positively associated with awareness with a $\chi 2$value of 26.176 (p=.000). The family type and family size of the respondent were significantly associated with awareness as the chi-square value of both were 7.528 (p=.006) and 35.874 (p=.000) respectively.

5.2.3 Level of Awareness about Features of Bancassurance in Punjab

Table 5.2.3 reveals that majority of the respondents (49.4 percent) were not at all aware of the level of financial protection provided by bancassurance and only 10.8 percent of respondents were fully aware of the same. It was observed that more than half proportion of respondents were not aware about the premium to paid in bancassurance. However, similar proportion of respondents were not aware about types of products available. 18.8 percent respondents were fully aware and 54.7 percent were not aware about age conditions for availing policy. 48.9 percent of respondents were partly aware of basic documents required for bancassurance and 46.8 percent respondents were not aware about death benefits provided by bancassurance whereas only 13.4 percent of respondents were fully aware.

Table: 5.2.3 Level of Awareness about Features of Bancassurance in Punjab

S. No.	Features	Fully aware N (%)	Partly aware N (%)	Not at all aware N (%)
1.	Level of financial protection by bancassurance	58 (10.8)	213 (39.7)	265 (49.5)
2.	Premium amount to be paid in bancassurance	77 (14.4)	174 (32.5)	285 (53.1)
3.	Types of products available in bancassurance	47 (8.8)	183 (34.1)	306 (57.1)
4.	Age limit for taking the Policy	101 (18.8)	142 (26.5)	293 (54.7)
5.	Basic documents required for bancassurance	52 (9.7)	262 (48.9)	222 (41.4)
6.	Death benefits provided by bancassurance	72 (13.4)	213 (39.7)	251 (46.8)
7.	Investment component provided by bancassurance	91 (17.0)	186 (34.7)	259 (48.3)
8.	Maturity benefits provided by bancassurance	70 (13.1)	157 (29.3)	309 (57.6)
9.	Tax benefits provided by bancassurance	87 (16.2)	212 (39.6)	237(44.2)

Source: Author's calculation based on primary data

It was observed that 48.3 percent respondents were not at all aware of investment components provided by bancassurance and only 17 percent were fully

aware. 57.6 percent of respondents were not aware of maturity benefits provided by bancassurance. 44.2 percent of respondents were not aware of tax benefits delivered by bancassurance, 39.6 percent were partly aware and 16.2 percent of respondents were fully aware.

5.2.4. Factors Affecting Level of Awareness about Features of Bancassurance

There were nine items regarding awareness of the features of bancassurance, each with three responses, viz., 'fully aware', 'partly aware' and 'not at all aware'. These responses were artificially quantified by assigning scores of 3, 2 and 1, respectively. To squeeze useful information from the data thus scored the use of exploratory factor analysis (EFA) technique to the items was done. It may be mentioned that factor analysis leads to a parsimonious situation in the sense that the factors extracted are capable of explaining a major chunk of the variance present in the available dataset. In other words, the analysis helps in bringing down the dimensionality associated with observed phenomena to a considerable extent.

The basic idea behind applying this analysis was to bring down the dimensionality of the data set, but without sacrificing much of the information. The main aim was to extract a few numbers of factors to ensure simplification in the structure of the data set (with reduced dimensionality) and, at the same time, achieve a sufficiently high extent of the variance explained in the data set by the factors extracted. Table 5.2.4 presents loadings of different items on the three factors, as also communalities and uniqueness measures of the variables. The communality of a variable (which always ranges between 0 and 1) is a measure of the extent to which it moves in harmony with the rest of the variables). Ideally, each of the indicator variables should have a fairly high extent of communality (generally, ≥ 0.30 in line with the norms adopted in several empirical studies). Incidentally, each of the indicator variables had values of the communalities (≥ 0.63) exceeding this threshold value in the present study.

Table 5.2.4 provides the computed values of factor loadings on the different factors. A glance at the table reveals that four of the items (viz., premium amount to be paid in bancassurance, tax benefits provided by bancassurance, investment component

provided by bancassurance and level of financial protection by bancassurance) had the highest loadings on factor-1 and, thus, these items constituted the first factor. These 4 items have some sort of common traits and tend to move together harmoniously. Similarly, three of the items, viz., the age limit for taking the policy, basic documents required for bancassurance and types of products available in bancassurance had the highest loadings on factor-2 and, thus, constituted the second factor. And, finally, the rest of the two items, viz., death benefits provided by bancassurance and maturity benefits provided by bancassurance, had the highest loadings on facor-3. Thus, the third factor was constituted by these two items.

Table 5.2.4 Factor Loadings of the Items/ Variables on the Three Factors Extracted

S. No.	Item	Monetary Features	Eligibility Features	Post Policy Features	Communality	Uniqueness
1	Premium amount to be paid in bancassurance	0.917	0.204	-0.165	0.921	0.079
2	Tax benefits provided by bancassurance	0.840	-0.152	0.186	0.755	0.245
3	Investment component provided by bancassurance	0.790	0.079	0.087	0.840	0.160
4	Level of financial protection by bancassurance	0.752	0.057	0.048	0.692	0.308
5	Age limit for taking the Policy	0.134	0.851	-0.069	0.818	0.182
6	Basic documents required for bancassurance	-0.089	0.732	0.165	0.629	0.371
7	Types of products available in bancassurance	0.250	0.495	0.139	0.665	0.335
8	Death benefits provided by bancassurance	0.109	-0.003	0.866	0.895	0.105
9	Maturity benefits provided by bancassurance	-0.005	0.160	0.762	0.777	0.223

Source: Author's work based on primary data

Out of the three factors extracted, the first one was explaining 36.0 percent of the total variance present in the available data set (Table 5.2.5). The second factor could do so to the extent of 22.2 percent. Similarly, third factor could explain 19.5 percent of the variance. Thus, taken together the three factors were capable of explaining 77.7 percent of the total variance in the data set.

Table 5.2.5 Variance Explained by Different Factors Extracted

Computation	Monetary Features	Eligibility Features	Post Policy Features
Sum of Squares of Loadings	3.239	2.002	1.751
Proportion of Variance Explained	0.360	0.222	0.195
Cumulative Variance Explained	0.360	0.582	0.777

Source: Author's work based on primary data

The value of the Tucker-Lewis Index of factoring reliability was 0.806 and root Mean square of residuals was 0.047 and RMSEA Index was 0. 217. Fairly high value (= 0.806) of Tucker-Lewis's index of factoring reliability and sufficiently low values (= 0.047 & 0.217) of root mean square of residuals & RMSEA Index indicated towards acceptability of the three factors extracted.

With the help of the factor loadings, values of the composite index for all the 536 responses available in respect of awareness about different features of the bancassurance product have been computed. From the values of the composite indexes for the individual observations, average values were computed for each of the five districts and the ranks were assigned accordingly (Table 5.2.6). As per the table, the top-most rank was possessed by Amritsar district followed by Jalandhar and then Ludhiana. On the other extreme, the bottom-most rank was possessed by Patiala district. Thus, for awareness about bancassurance, the leading districts were Amritsar and Jalandhar while the lagging districts were Patiala and Sangrur.

Table 5.2.6 Pooled Values of the Composite Index (CI) for the Different Districts

S. No.	District	Pooled Value of CI	Pooled Rank
1	Patiala	1.533	5
2	Amritsar	1.854	1
3	Ludhiana	1.560	3
4	Sangrur	1.549	4
5	Jalandhar	1.719	2

Source: Author's work based on primary data

5.2.5. Factors Affecting Level of Awareness about Omni channels provided by Banks for Insurance Service

Table 5.2.7 provides the computed values of factor loadings on the different factors. A glance at the table reveals that four of the items (viz., instant action on issues related to bancassurance, transparency in insurance proceedings, web-based distribution channels for bancassurance and Instantaneous information of insurance products and services) had the highest loadings on factor-1 and, thus, these items constituted the first factor i.e., promptness. These four items have some sort of common traits and tend to move together harmoniously. Similarly, two of the items, viz., 24x7 services for bancassurance, basic customer-centric mobile apps for taking bancassurance had the highest loadings on factor-2 and thus constituted the second factor.

Table 5.2.7 Factor Loadings of the Items/ Variables on the two factors extracted

S. No.	Item	Promptness	Perpetuality	Communality	Uniqueness
1	Instant action on issues related to Bancassurance	0.909	0.054	0.905	0.095
2	Transparency in insurance proceedings	0.901	0.072	0.918	0.082
3	Web-based distribution channels for bancassurance	0.827	0.088	0.806	0.194
4	Instantaneous information on insurance products and services	0.747	0.022	0.584	0.416
5	24x7 services for bancassurance	0.081	0.883	0.898	0.102
6	Customer-centric mobile apps for taking bancassurance	0.132	0.861	0.937	0.063

Source: Author's work based on primary data

It was found that of the two factors extracted, the first was explaining 53.4 percent of the total variance present in the available data set (Table 5.2.8). The second factor could do so to the extent of 30.7 percent.

Table 5.2.8 Variance Explained by the Two Factors Extracted

S. No.	Computation	Promptness	Perpetual
1	Sum of Squares of Loadings	3.207	1.841
2	Proportion of Variance Explained	0.534	0.307
3	Cumulative Variance Explained	0.534	0.841

Source: Author's work based on primary data

The Tucker-Lewis Index of factoring reliability was 0.970, the root mean square of residuals was 0.019 and RMSEA Index was 0.119. it was found that fairly high values (= 0.970) of the Tucker-Lewis index of factoring reliability and sufficiently low values (= 0.019 & 0.119) of the root mean square of residuals & RMSEA Index indicated towards acceptability of the three factors extracted.

Table 5.5.6 shows the values of the composite indexes for the individual observations and average values were computed for each of the five districts and the ranks were assigned accordingly. As per the table, the top-most rank was possessed by Patiala district, followed next by Amritsar and then Ludhiana. On the other extreme, the bottom-most rank was possessed by Jalandhar district. Thus, so far as the level of awareness about the omni channel is concerned, the leading districts were Patiala and Amritsar, while the lagging districts were Sangrur and Jalandhar.

Table 5.2.9 Pooled Values of the Composite Index (CI) for the Different Districts

S. No.	District	Pooled Value of CI	Pooled Rank
1	Patiala	1.535	2
2	Amritsar	1.692	1
3	Ludhiana	1.377	4
4	Sangrur	1.525	3
5	Jalandhar	1.361	5

Source: Author's work based on primary data

SECTION III

5.3 CONCLUSION

The banks started the concept of selling insurance to their customers in the year 2000. Since then, the phase has completely changed and the perception of people is entirely different. The need for assessing the level of awareness of customers about bancassurance is an essential requirement for accomplishing the objective of implementing bancassurance therefore, it was tried to assess the level of awareness about different features of bancassurance in Punjab state. The majority of the aware respondents were from Amritsar and were male. However, an age-wise comparison found that respondents of 21-30 years were more aware than other age groups. Mostly Graduates were aware and the least aware respondents were those who had only primary level education. The respondents who were earning 60,000 and above were most aware and most respondents from nuclear families were aware. However, families having 4-6 members were more aware as compared to those having up to 2 members only. To test the association between awareness and several socio-demographic variables, the chi-square test was applied. It was observed that awareness was significantly associated with all socio-demographic variables taken under the study. However, values obtained from Cramer's V and Phi showed different strengths of association between different variables and awareness.

Thus, need of the hour is to create awareness about bancassurance through different sources such as advertisements in magazines, television, radio, digital platforms, etc. as the most preferred source of awareness by the respondents was advertisement and it can help banks as well. Banks can organize exhibitions/ conferences/ awareness camps to sensitize people about bancassurance. People prefer to buy insurance due to awareness but buying insurance through banks is beneficial for them is to be informed to them and can be informed more efficiently by banks themselves. Awareness of insurance among the respondents of Punjab is low, especially through banks therefore efforts on the part of banks, insurance companies and the government are required to make people significantly aware of bancassurance. However, it was observed that the factors that affected the awareness of respondents were monetary features, eligibility factors and post-policy factors. Two factors that affected the awareness about omnichannels were found as promptness and perpetuality. Thus, bankers may frame their policies and strategies considering the upcoming trend along with bancassurance i.e., omnichannels in banking services.

CHAPTER VI

PERCEPTIONS ABOUT BANCASSURANCE AMONG CUSTOMERS OF PUBLIC AND PRIVATE SECTOR BANKS IN PUNJAB

The current scenario of competition in various industries asks for one imperative requirement to gain competitive advantage *i.e.,* perception of customers about different aspects (Hublet et al. 1977; Mather and Sutherland, 2011; Hedger et al., 2015). The measurement of perception of customers has become an essential instrument to frame marketing strategies and to design products (Douglas et al., 2000; Zeithaml & Bitner, 2003; Chiva et al., 2007; Choudhury and Singh, 2017; Farkhan et al., 2019). The perception of the customer generally relies upon the image of the bank, prospects of the customers about the services of banks, quality of the bank's products and services and many more. However, communication and exchanges that occur between bankers and customers are the major sources of perception about banks in the mind of customers (Kumar et al., 2009; Kumbhar, 2011; Khanna and Gupta, 2015). After liberalization, globalization and fiscal deregulation banking sector have faced a different level of competition. The banks are trying to bring innovative products and services to compete in the dynamic scenario. One of the products among all these is bancassurance (Malik, 2014; Soni and Rao, 2014; Singh and Choudhury, 2017).

The customer of the bank is now more conscious and balanced in selecting a particular product or service due to the delicacy of the products (Kaura et. al., 2012; Rumiyati and Syafarudin, 2021). Due to the availability of various options, there are chances that customers prefer for the competitor's product and hence it becomes imperative to study various factors which influence customers buying behavior. Thus, it is vital to understand the various perceptions which the customers hold about quality of services provided by banks (Boulding et. al., 1993; Zemke & Woods, 1998; Singh and Choudhury, 2017; Narsis, 2022). The present chapter is divided into three sections. The first section explains the results obtained from exploratory factor analysis followed by Section II which confirms the results obtained in the previous section and enlightens the results using confirmatory factor analysis. Section III concludes the chapter.

SECTION I

6.1 PERCEPTION OF THE RESPONDENTS

6.1.1 Perceptions of Bank Customers Towards Bancassurance

There were forty-five items regarding perception about bancassurance, each with five responses, *viz.,* 'strongly agree', 'agree', 'neutral', 'disagree' and 'strongly disagree'. These responses were artificially quantified by assigning scores of 5, 4, 3, 2 and 1, respectively. In other words, there were responses on a 5-point likert scale in respect of the question. To fetch useful information from the data thus scored the use of exploratory factor analysis (EFA) technique has been made. The analysis helps in bringing down the dimensionality associated with observed phenomena to a considerable extent. The main objective was at extracting a few numbers of factors to ensure simplification in the structure of the data set (with reduced dimensionality) and at the same time to achieve a sufficiently high extent of the variance explained in the data set by the factors extracted. The analysis indicated the optimum number of factors to be extracted to be equal to ten (Fig. 6.1.1).

6.1.2 Kaiser-Meyer-Olkin Measure

Table 6.1.1 showed the value of KMO and Bartlett's test in which KMO stood at 0.755. This indicated that sample size computed for the applying factor analysis was adequate. Further, the value of Bartlett's test of sphericity indicated the p-value of 0.000 which was significant at 0.05 level. Overall, it indicates that correlation matrix was not same as identity matrix and factor analysis could be appropriately applied.

Table 6.1.1 Kaiser-Meyer-Olkin Measure

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.755
Bartlett's Test of Sphericity	Approx. Chi-Square	24520
	Df	780
	Sig.	0.000

Source: Author's work based on primary data

6.1.3 Total Variance Explained

It was observed from the figures obtained (table 6.1.2) that the eigenvalue for all the factors obtained was not less than 1 hence were taken in the model. First extracted factor showed 33.550 percent, factor two showed 12.002 percent, factor three shared 8.229 percent, factor four showed 6.041 percent, factor five showed 4.872 percent, factor six showed 4.432 percent, factor seven showed 3.739 percent, factor eight showed 3.206 percent, factor nine showed 2.811 percent and factor ten showed 2.557 percent of the total variance. However, the total variance explained by all factors extracted was 81.438 percent.

Table 6.1.2 Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	13.420	33.550	33.550	13.420	33.550	33.550
2	4.801	12.002	45.552	4.801	12.002	45.552
3	3.292	8.229	53.781	3.292	8.229	53.781
4	2.416	6.041	59.822	2.416	6.041	59.822
5	1.949	4.872	64.694	1.949	4.872	64.694
6	1.773	4.432	69.125	1.773	4.432	69.125
7	1.495	3.739	72.864	1.495	3.739	72.864
8	1.282	3.206	76.070	1.282	3.206	76.070
9	1.124	2.811	78.881	1.124	2.811	78.881
10	1.023	2.557	81.438	1.023	2.557	81.438
11	.837	2.092	83.530			
12	.727	1.817	85.347			
13	.636	1.589	86.936			
14	.607	1.518	88.454			
15	.580	1.450	89.904			
16	.422	1.056	90.960			
17	.395	.987	91.947			
18	.365	.912	92.859			
19	.340	.851	93.710			

Cond.

20	.297	.742	94.452			
21	.267	.667	95.118			
22	.224	.560	95.678			
23	.189	.473	96.151			
24	.187	.468	96.619			
25	.164	.411	97.030			
26	.162	.405	97.435			
27	.140	.350	97.785			
28	.133	.332	98.117			
29	.112	.280	98.397			
30	.100	.251	98.648			
31	.091	.227	98.875			
32	.075	.187	99.062			
33	.074	.184	99.246			
34	.064	.160	99.406			
35	.057	.142	99.548			
36	.051	.128	99.677			
37	.044	.109	99.786			
38	.035	.088	99.874			
39	.032	.080	99.955			
40	.018	.045	100.000			

Source: Author‘s work based on primary data

6.1.4 Perception of Customers about Bancassurance

Table 6.1.3 reveals that eight of the items (viz., banks are more reliable than insurance companies, I trust my bank more than insurance agent, banks are more stable than insurance agents, my bank is safer than insurance companies, I believe that bancassurance provides greater financial flexibility, bancassurance provides me better premium rates, I believe that it is easy to pay premium through banks and I believe that my bank convinces to buy other products also) had the highest loadings on factor-1 and thus, these items constituted the first factor i.e., reliability.

Table 6.1.3 Factor I: Reliability

S. No	Statements	Loadings
1	Banks are more reliable than insurance companies	0.890
2	I trust my bank more than an insurance agent	0.880
3	Banks are more stable than insurance agents	0.871
4	My bank is safer than insurance companies	0.851
5	I believe that bancassurance provides greater financial flexibility	0.790
6	Bancassurance provides me with better premium rates	0.694
7	I believe that it is easy to pay premiums through banks	0.521
8	I believe that my bank convinces me to buy other products also	0.503

Source: Author‘s work based on primary data

Nine of the items (viz., bank websites make me aware of different types of insurance policies, I believe that banks provide information regularly, bankers give expert advice, insurance agents are not easily approachable, omni channels in bank help in managing insurance policy at a single click, banks provide better service than insurance agents, I believe that banks understand my needs in a better way, I believe that banks make the transaction easy by providing omni channels and I believe that bancassurance is a hassle-free process) had the highest loadings on factor-2 and thus, constituted the second factor i.e., accessibility.

Table 6.1.4 Factor II: Accessibility

S. No.	Statements	Loadings
1	Bank websites make me aware of different types of insurance policies	0.921
2	I believe that Banks provide information regularly	0.742
3	Bankers give expert advice	0.700
4	Insurance agents are not easily approachable	0.647
5	Omni channels in the bank help in managing insurance policies at a single click	0.632
6	Banks provide better service than insurance agents	0.596
7	I believe that Banks understand my needs in a better way	0.566
8	I believe that banks make the transaction easy by providing omni channels	0.524
9	I believe that bancassurance is a hassle-free process	0.419

Source: Author‘s work based on primary data

The third factor i.e., misconceptions constituted six items (viz., I believe that bancassurance is still at an infant stage, there is a lack of clear description of insurance products sold by banks, I have less knowledge about bancassurance, there is a lack of commitment and motivation from bank staff, bancassurance will not yield any return, rather it is a money loss and I believe that bankers provide manipulative advice).

Table 6.1.5 Factor III: Misconceptions

S. No.	Statements	Loadings
1	I believe that bancassurance is still at an infant stage	0.858
2	There is a lack of clear description of insurance products sold by banks	0.793
3	I have less knowledge about bancassurance	0.579
4	There is a lack of commitment and motivation from bank staff	0.531
5	Bancassurance will not yield any return, rather it is a money loss	0.504
6	I believe that Bankers provide manipulative advice	0.480

Source: Author‘s work based on primary data

Forth factor i.e., assurance constituted five factors (viz., I am satisfied with the decision to avail myself insurance facility through e-banking, insurance related information is well organized on the bank's website and bancassurance provides me with better claim settlement, I believe insurance through banks is not a complex process and the reputation of bank motivates me to take bancassurance).

Table 6.1.6 Factor IV: Assurance

S. No.	Statements	Loadings
1	I am satisfied with the decision to avail insurance facility through e-banking	0.732
2	Insurance-related information is well organized on the bank's website	0.591
3	Bancassurance provides me with better claim settlement	0.557
4	I believe insurance through banks is not a complex process	0.528
5	The reputation of the bank motivates me to take Bancassurance	0.387

Source: Author‘s work based on primary data

The fifth factor named formalities constituted three items (viz., the insurance agent provides relevant information about various policies, there are many procedural formalities in bancassurance and there are high service charges in bancassurance).

Table 6.1.7 Factor V: Formalities

S. No.	Statements	Loadings
1	Insurance agent provides relevant information about various policies	0.940
2	There are many procedural formalities in bancassurance	0.662
3	There are high service charges in bancassurance	0.502

Source: Author's work based on primary data

The sixth factor named as compatibility with insurance agents consisted of three items (viz., I believe bancassurance is costly as compared to insurance companies, I believe my agent is more than the bank for insurance products and Insurance agents are more suitable to buy insurance)

Table 6.1.8 Factor VI: Compatibility with Insurance Agents

S. No.	Statements	Loadings
1	I believe bancassurance is costly as compared to insurance companies	0.491
2	I believe my agent is more than the bank for insurance products	0.481
3	Insurance agents are more suitable to buy insurance	0.471

Source: Author's work based on primary data

The seventh factor lack of trust in insurance agents constituted four items (viz., I believe that insurance agents give manipulative advice, I believe that insurance companies offer fewer products as compared to banks, insurance agents are less trustworthy and I believe that bancassurance is more effective than the traditional distribution method of insurance).

Table 6.1.9 Factor VII: Lack of Trust in Insurance Agents

S. No.	Statements	Loadings
1	I believe that insurance agents give manipulative advice	0.767
2	I believe that insurance companies offer fewer products as compared to banks	0.644
3	Insurance agents are less trustworthy	0.430
4	I believe that bancassurance is more effective than the traditional distribution method of insurance	0.408

Source: Author's work based on primary data

The eighth factor constituted two items viz., bancassurance fails to provide personalized service and there is no coordinated & sincere effort to satisfy the customer in my bank titled as lack of quality service.

Table 6.1.10 Factor VIII: Lack of Quality Service

S. No.	Statements	Loadings
1	I believe that Bancassurance fails to provide personalized service	0.480
2	There is no coordinated & sincere effort to satisfy the customer in my bank	0.471

Source: Author‘s work based on primary data

The ninth factor i.e., one stop shop consisted of three items viz., bancassurance is a one-stop shop, bancassurance offers a complete portfolio of financial products and banks are easily accessible.

Table 6.1.11 Factor IX: One-stop shop

S. No.	Statements	Loadings
1	Bancassurance is a one-stop shop	0.893
2	Bancassurance offers a complete portfolio of financial products	0.803
3	Banks are easily accessible	0.427

Source: Author‘s work based on primary data

The tenth factor named transparency consisted of two items (viz., bancassurance provides transparency in my insurance proceedings and I believe that agents are not sincere in solving policyholder's problems).

Table 6.1.12 Factor X: Transparency

S. No.	Statements	Loadings
1	Bancassurance provides transparency in my insurance proceedings	0.786
2	I believe that agents are not sincere in solving policyholder‘s problems	0.513

Source: Author‘s work based on primary data

SECTION II

6.2 FACTORS AFFECTING PERCEPTION OF THE RESPONDENTS

6.2.1 Factors Affecting the Perception of Bank Customers about Bancassurance

To examine whether the extracted factors have indeed represented the available data set appropriately or not, the use of the confirmatory factor analysis (CFA)

technique is performed. Depending upon the composition of the factors (in terms of the constituent items), the names of the factors are as follows:

Table 6.2.1: Abbreviations Used

Factor	Name	Abbreviation
FCT1	Reliability	RLBL
FCT2	Accessibility	ACCB
FCT3	Misconceptions	MSCN
FCT4	Assurance	ASRC
FCT5	Formalities	FRML
FCT6	Compatibility with Insurance Agents	CMPT
FCT7	Lack of trust in Insurance Agents	LTRS
FCT8	Lack of Quality Service	LQSR
FCT9	One Stop Shop	OSSP
FCT10	Transparency	TRNS

Source: Author‘s work based on data collected

For carrying out the confirmatory factor analysis, the use of a customized R-programme (with the suitable codes taken from the lavaan package, Version: 0.6-14 has been performed. As per one of the requirements for executing the program, the inputs (depending upon the constituent composition of the ten factors extracted) in the form of the following specifications have been provided:

RLBL = banks are more reliable than insurance companies + I trust my bank more than insurance agent + banks are more stable than insurance agents + my bank is safer than insurance companies + I believe that bancassurance provides greater financial flexibility + bancassurance provides me better premium rates + I believe that it is easy to pay premium through banks + I believe that my bank convinces to buy other products also

ACCB = bank websites make me aware of different types of insurance policies + I believe that banks provide information regularly + bankers give expert advice + insurance agents are not easily approachable + omni channels in bank help in managing insurance policy at single click + banks provide better service than insurance agents + I believe that banks understand my needs in a better way + I believe that banks make

the transaction easy by providing omni channels + I believe that bancassurance is a hassle-free process

MSCN = I believe that bancassurance is still at the infant stage + there is a lack of clear description about insurance products sold by banks + I have less knowledge about bancassurance + there is a lack of commitment and motivation from bank staff + bancassurance will not yield any return rather it is a money loss + I believe that bankers provide manipulative advice

ASRN = I am satisfied with the decision to avail insurance facility through e-banking + insurance-related information is well organized on the bank's website + bancassurance provides me better claim settlement + I believe insurance through banks is not a complex process + reputation of the bank motivates me to take bancassurance

FRML = insurance agent provides relevant information about various policies + there are many procedural formalities in bancassurance + there are high service charges in bancassurance

CMPT = I believe bancassurance is costly as compared to insurance companies + I believe my agent is more than the bank for insurance products + insurance agents are more suitable to buy insurance

LTRS = I believe that insurance agents give manipulative advice + I believe that insurance companies offer fewer products as compared to banks + Insurance agents are less trustworthy + I believe that bancassurance is more effective than traditional distribution method of insurance

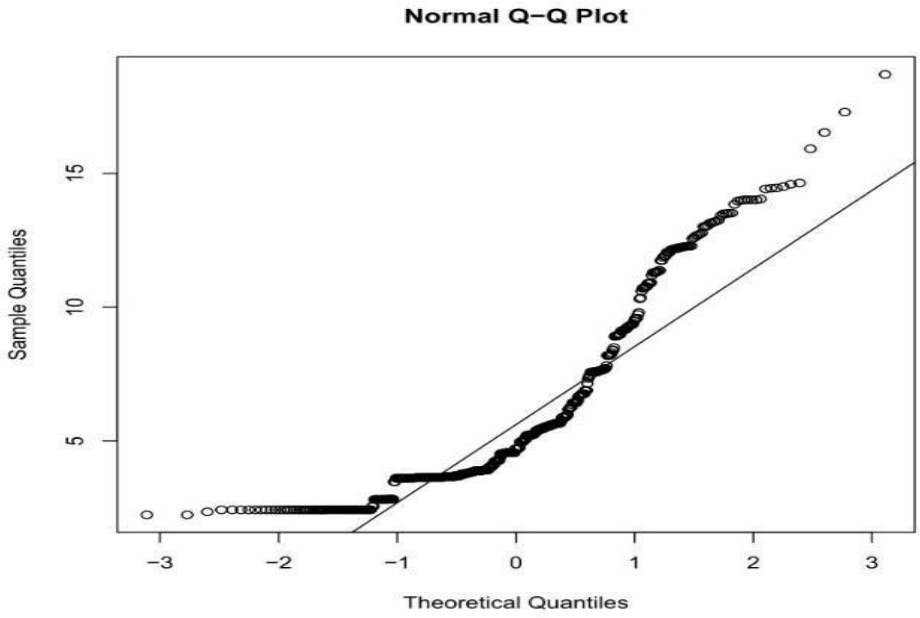
LQSR = bancassurance fails to provide personalized service + there is no coordinated & sincere effort to satisfy the customer in my bank

OSSP = bancassurance is a one-stop shop + bancassurance offers a complete portfolio of financial products + banks are easily accessible

TRNS = bancassurance provides transparency in my insurance proceedings + I believe that agents are not sincere in solving policyholder‘s problems

At the outset, an attempt was made to examine (through Mardia'stest) the validity of multivariate normal distribution in the available data structure (536 Responses on 45 Items). As per the test procedure, a distribution was tested to be far away from multivariate normal, as both skewness and kurtosis happened to be highly significant [measure of skewness(β_1) = 259288.7; its p-value < 0.0001; measure of kurtosis (β_2) = 500.009; its p-value < 0.0001]. The significant departure of the data points away from the Q-Q line (Fig. 6.2.1) provides further evidence of the non-normality pattern. It may be mentioned that this type of non-normality is very much expected in the discrete type of responses, as in the present study.

Fig. 6.2.1 Normal Q-Q Plot from Mardia's Test for Multivariate Normal Distribution



Source: Author's work based on primary data

As per the underlying methodology, estimate β for the very first item (for instance, for banks are more reliable than insurance companies in reliability, RLBL) in each of the latent variables is kept fixed to be equal to unity (with zero standard error). As per table 6.2.2, the computed value of the estimate for the item, I trust my bank more than the insurance agent (in RLBL) was 0.975, associated with a standard error of 0.034. Consequently, value of the test statistic Z was as high as 28.951, which was associated

with an exceedingly small value of p (< 0.001). Therefore, the computed value of the use of the more versatile weighted least-squares technique has been done for the estimation of the CFA model (rather than the maximum likelihood method of estimation, which is known to be applicable only under strict normality). The analysis has provided the estimates for different items on the corresponding latent variable; along with their Z-values (for testing significance estimate was declared to be highly significant (at 0.1 percent probability level) and I trust my bank more than the insurance agent had very strong connectivity with the latent variable RLBL.

A further glance at table 6.2.2 reveals that each of the items had a very strong linkage (generally at a 0.1 percent probability level) with the corresponding latent variable. The only exceptional case was in respect of the item, banks provide better service than insurance agents for Accessibility (ACCB), wherein the linkage was relatively weaker (significant at 5 percent level). Thus, it may be stated that as per the findings through the confirmatory factor analysis, the constitution of the latent variables (as extracted through the exploratory factor analysis) indeed represents the data set very adequately. These findings are further corroborated by the very encouraging values of the fit statistics (table 6.2.3) for the CFA model, like comparative fit Index with the value of 0.900, Tucker-Lewis Index with the value of 0.889 and root mean-squared error with the value of 0.093.

Table 6.2.2 Estimated Coefficients of the Items upon their Latent Variables, along with Testing their Statistical Significance

Latent Variable	Indicator	Estimate β	SE(β)	Z-Value	p-Value	Significance
RLBL	Banks are more reliable than insurance companies	1.000	0.000	–	–	–
	I trust my bank more than an insurance agent	0.975	0.034	28.951	<0.001	***
	Banks are more stable than insurance agents	1.236	0.080	15.427	<0.001	***
	My bank is safer than insurance companies	1.098	0.083	13.242	<0.001	***
	I believe that bancassurance provides greater financial flexibility	1.040	0.071	14.751	<0.001	***
	Bancassurance provides me with better premium rates	1.105	0.070	15.783	<0.001	***
	I believe that it is easy to pay premiums through banks	1.323	0.102	12.978	<0.001	***
	I believe that my bank convinces me to buy other products also	0.971	0.080	12.128	<0.001	***
ACCB	Bank websites make me aware of different types of insurance policies	1.000	0.000	–	–	–
	I believe that Banks provide information regularly	1.244	0.112	11.056	<0.001	***
	Bankers give expert advice	1.577	0.143	11.055	<0.001	***
	Insurance agents are not easily approachable	1.428	0.129	11.044	<0.001	***
	Omni channels in the bank help in managing insurance policies at a single click	1.042	0.085	12.191	<0.001	***
	Banks provide better service than insurance agents	0.262	0.122	2.139	0.0325	*
	I believe that Banks understand my needs in a better way	1.331	0.105	12.666	<0.001	***
	I believe that banks make the transaction easy by providing omni channels	0.925	0.095	9.755	<0.001	***
	I believe that bancassurance is a hassle-free process	1.243	0.106	11.736	<0.001	***
MSCN	I believe that bancassurance is still at an infant stage	1.000	0.000	–	–	–

Contd.

	There is a lack of clear description of insurance products sold by banks	0.826	0.061	13.499	<0.001	***
	I have less knowledge about bancassurance	1.117	0.078	14.372	<0.001	***
	There is a lack of commitment and motivation from bank staff	1.415	0.091	15.471	<0.001	***
	Bancassurance will not yield any return, rather it is a money loss	1.006	0.068	14.823	<0.001	***
	I believe that Bankers provide manipulative advice	1.368	0.102	13.472	<0.001	***
ASRN	I am satisfied with the decision to avail insurance facility through e-banking	1.000	0.000	–	–	–
	Insurance-related information is well organized on the bank's website	0.499	0.061	8.174	<0.001	***
	Bancassurance provides me with better claim settlement	0.742	0.069	10.781	<0.001	***
	I believe insurance through banks is not a complex process	0.937	0.049	19.257	<0.001	***
	The reputation of the bank motivates me to take bancassurance	1.172	0.066	17.829	<0.001	***
FRML	Insurance agent provides relevant information about various policies	1.000	0.000	–	–	–
	There are many procedural formalities in bancassurance	1.201	0.071	16.923	<0.001	***
	There are high service charges in Bancassurance	1.255	0.082	15.264	<0.001	***
CMPT	I believe bancassurance is costly as compared to insurance companies	1.000	0.000	–	–	–
	I believe my agent is more than the bank for insurance products	2.013	0.239	8.414	<0.001	***
	Insurance agents are more suitable to buy insurance	2.604	0.375	6.938	<0.001	***
LTRS	I believe that insurance agents give manipulative advice	1.000	0.000	–	–	–
	I believe that insurance companies offer fewer products as compared to banks	0.732	0.054	13.649	<0.001	***
	Insurance agents are less trustworthy	0.847	0.056	15.198	<0.001	***
	I believe that bancassurance is more effective than the traditional distribution method of insurance	0.816	0.047	17.313	<0.001	***

Contd.

LQSR	I believe that Bancassurance fails to provide personalized service	1.000	0.000	–	–	–
	There is no coordinated & sincere effort to satisfy the customer in my bank	1.512	0.170	8.903	<0.001	***
OSSP	Bancassurance is a one-stop shop	1.000	0.000	–	–	–
	Bancassurance offers a complete portfolio of financial products	3.202	0.881	3.636	0.0003	***
	Banks are easily accessible	3.297	0.961	3.430	0.0006	***
TRNS	Bancassurance provides transparency in my insurance proceedings	1.000	0.000	–	–	–
	I believe that agents are not sincere in solving policyholder‘s problems	1.163	0.098	11.899	<0.001	***

Source: Author‘s Calculations based on primary data collected.

*** Significant at 0.1% probability level; ** Significant at 1% probability level; * Significant at 5% probability level; • Significant at 10% probability level; NS Non-significant.

Table 6.2.3 Fit Statistics for the Fitted CFA Model

Comparative Fit Index (CFI)	0.900
Tucker-Lewis Index (TLI)	0.889
Root Mean Squared Error (RMSEA)	0.093
90 Percent Lower Confidence Limits for RMSEA	0.091 – 0.095
p-value for RMSEA (to be <= 0.05)	< 0.001

Source: Author‘s Calculations based on primary data

SECTION III

6.3 CONCLUSION

Perception of the customers has become an imperative requirement for gaining a competitive edge in the industry. Banks to sell insurance need to know what their customers perceive. The factors that affect the perception of customers about bancassurance have been identified in the chapter. A total of ten factors were extracted with the help of exploratory factor analysis. Moreover, confirmatory factor analysis was conducted to confirm the factors extracted.

Of the ten factors extracted the first one (reliability) was seen to be capable of explaining 33.550 percent of the total variance. The second factor (accessibility) could do so to the extent of 12.002 percent, the third factor (misconception) could do so to the extent of 8.229 percent, the fourth factor (assurance) to the extent of 6.041 percent, the fifth factor (formalities) to the extent of 4.872 percent, sixth factor (compatibility with insurance agents) to the extent of 4.432 percent, seventh factor (lack of trust on insurance agents) to the extent of 3.739 percent again, eighth factor (lack of quality service) to the extent of 3.206 percent, ninth factor (one stop shop) to the extent of 2.811 percent, tenth factor (Transparency) to the extent of 2.557 percent. Thus, taken together, all these factors were capable of explaining 81.438 percent of the total variance.

To examine whether the extracted factors have indeed represented the available data set appropriately or not, the use of the confirmatory factor analysis (CFA) technique was made. The results reveal that each of the items had a very strong linkage (generally at a 0.1 percent probability level) with the corresponding latent variable. The only exceptional case was in respect of the item, banks provide better service than insurance agents under accessibility (ACCB), wherein the linkage was relatively weaker (significant at 5 percent level). Thus, on the whole, it may be stated that the constitution of the latent variables (as extracted through the exploratory factor analysis) indeed represents the data set very adequately. However, reliability and accessibility are the two topmost influences that affect the perception about bancassurance. Trust on banks, safety, financial flexibility provided by banks in the services,

information circulated about different policies regularly and the reputation of the bank also affected the perception of respondents. All the factors explored through exploratory factor analysis were found to be significant when tested using confirmatory factor analysis. Only one item i.e., banks provide better service than insurance agents was found significant but at a 10 percent level. Therefore, it is a need to emphasize the management and administrators to draw policies and strategies to satisfy the customers keeping their perception about bancassurance into consideration.

The respondents were well-informed about bancassurance as a channel for insurance distribution and show a willingness to embrace it as their preferred method of purchasing insurance. This inclination can be attributed to factors like convenient premium payment, timely policy updates and favorable staff conduct. However, some respondents remain doubtful due to concerns about the responsiveness of bank staff and the potential conflict of interest in serving two masters. To unlock the potential of bancassurance, banks and insurance companies must attentively address customer preferences and overcome barriers hindering the acceptance of banks as comprehensive investment solution providers. By nurturing this relationship with care, banks can significantly contribute to the growth of the insurance industry.

CHAPTER VII

SOCIO-ECONOMIC DETERMINANTS OF WILLINGNESS TO PAY FOR BANCASSURANCE AMONG CUSTOMERS OF PUBLIC AND PRIVATE SECTOR BANKS IN PUNJAB

The bancassurance market has witnessed considerable changes in recent years (Mohan, 2005; Mathew and Sivramam, 2021; Ringsted, 2021). Indeed, the bancassurance distribution model is becoming prevalent in many countries of the globe still it has not developed and grown at the same pace but also tries to provide indistinct benefits to insurers, bankers as well as customers (Teunissen, 2008; Stankovic et al., 2016). In 2018, only 31 percent of the premium of life insurance income was through bancassurance. However, digital modes like digital wallets and e-commerce are shifting their hands towards providing financial services with the help of banks and those which are not adopting it are lagging behind the competition (Maiti et al., 2022; Singh et al., 2023).

However, socio-economic variables like occupation, income, expenditure, etc. were the determinants affecting willingness to pay for insurance services (Yellaiah and Ramakrishna, 2012; Babu and Kaur, 2015). It has been observed from results of different studies that bank employees even after additional efforts are unable to sell insurance to customers. The reason for same are unwillingness of the customers. People generally prefer to fulfill their basic needs first and then they strive to satisfy their other demands (Bhalla and Grover, 2013; Kaur, 2013; Kamau et al., 2016; Acharya et al., 2018; Li et al., 2019).

The present chapter will identify the socio-economic determinants of willingness to pay for bancassurance by bank customers of Punjab. The chapter will be alienated into three sections. The first part will explain the respondent's willingness to pay for bancassurance followed by socio-economic determinants for willingness to pay for bancassurance discussed in the second part and the third part will conclude the chapter.

SECTION I

7.1 WILLINGNESS TO PAY FOR BANCASSURANCE

7.1.1 Willingness to Pay for Bancassurance in Public and Private Sector Banks of Punjab

Table 7.1.1 depicts that only 39.2 percent respondents were willing to pay for bancassurance and a majority of the respondents (60.8 percent) were not in favor of paying for the same. The main factors that influenced the respondent's decision for payment were long-term relation with the bank (68.1) followed by the reputation of the bank (13.8 percent), better premium (8.1 percent) and better claim settlement (8.1 percent) and accessibility (1.9 percent). However, reasons for non-willingness to pay for bancassurance were unawareness (61.3 percent) followed by unaffordability (15.3 percent), no need for bancassurance (7.7 percent), investment in other alternatives rather than insurance (6.7 percent), unstable job (3.4 percent), preference for some other area for investing money (2.8 percent), enjoy the present than caring for future (1.5 percent), saving money (0.9 percent) and bancassurance is not reliable (0.3 percent).

Out of those who were willing to pay for bancassurance, most of them were interested in taking insurance for full family (48.6 percent) followed by self (36.2 percent) and spouse (15.2 percent). Maximum respondents were willing to pay up to 5000 per month (38.6 percent) followed by 5000-10000 per month (37.1 percent). Only 1.4 percent of respondents were willing to pay 20000-25000 per month. Most respondents preferred net banking for payment of premium amounts for bancassurance (57.1 percent) followed by cash payment (26.7 percent), cheque (11.0 percent) and auto debit (5.2 percent).

The majority of respondents preferred monthly payment of premium for bancassurance (43.8 percent) followed by quarterly payment (30.5 percent), annually (19.5 percent) and semi-annually (6.2 percent). The respondents preferred public sector banks (51.0 percent) more for buying insurance in comparison to private sector banks (49.0 percent).

Table 7.1.1 Willingness to Pay for Bancassurance

Characteristics	(N= 536) (%)
Are you willing to pay for bancassurance?	
Yes	210 (39.2)
No	326 (60.8)
If yes, which factors influence your decision to pay for bancassurance? *	
Long term relation with the bank	143 (68.1)
Reputation of the bank	29 (13.8)
Accessibility	4 (1.9)
Better premium	17 (8.1)
Better claim settlement	17 (8.1)
Any other	0 (0)
If not, what are the reasons for not being willing to pay for bancassurance? *	
I am not aware about bancassurance	200 (61.3)
I can't afford it	50 (15.3)
I have an unstable job	11 (3.4)
I don't feel the need to take bancassurance	25 (7.7)
I prefer some other area for investing money	9 (2.8)
I believe bancassurance is not reliable	1 (0.3)
I need to save money for the future, how can I buy it	3 (0.9)
I want to enjoy the present instead of securing the future	5 (1.5)
I would prefer to invest rather than take insurance from banks	22 (6.7)
Any other	0 (0)
For whom you are willing to pay for bancassurance?	
Self	76 (36.2)
Spouse	32 (15.2)
Full family	102 (48.6)
How much monthly amount are you willing to pay for bancassurance?	
Up to Rs.5000	81 (38.6)

Contd.

₹ 5000- ₹10000	78 (37.1)
₹10000- ₹ 15000	38 (18.1)
₹ 15000- ₹.20000	10 (4.8)
₹ 20000- ₹ 25000	3 (1.4)
Which mode of payment do you find more suitable for bancassurance?	
Cash	56 (26.7)
Cheque	23 (11.0)
Net banking	120 (57.1)
Auto debit	11 (5.2)
How frequently you are willing to pay for bancassurance?	
Monthly	92 (43.8)
Quarterly	64 (30.5)
Semi-Annually	13 (6.2)
Annually	41 (19.5)
From which bank you are willing to take insurance?	
Public Sector	107 (51.0)
Private Sector	103 (49.0)
Both	0 (0)

Source: Author's calculation based on primary data.
Note: *Multiple responses are possible

SECTION II

7.2 IDENTIFICATION OF THE SOCIO-ECONOMIC DETERMINANTS OF WILLINGNESS TO PAY FOR BANCASSURANCE

7.2.1 Socio-Economic Determinants of Willingness to Pay for Bancassurance

In this Section, an attempt has been made to examine important socio-economic determinants of willingness to pay for bancassurance. Among the likely determinants, the information related to the districts to which the respondents belong, their gender, age group, educational qualification, marital status, profession, monthly income, family type, family size and the type of the bank in which the respondent had an account were taken into consideration. Here, it may be clarified that the study variable (viz.,

willingness to pay for bancassurance) was binary in nature (yes/no type), therefore use of a suitable dummy dependent variable technique is done. As per nature of the study, the information was compiled in terms of class intervals therefore the use of explanatory variables was made on terms of those intervals. Of the two well-known such techniques (viz., logit analysis and probit analysis), probit analysis is generally considered to have an edge over logit analysis and has, therefore, been adopted in the presence analysis (Omotayo, 2017). To drop out the superfluous variables, if any, step-wise probit analysis was used. Therefore, in order to evade inconsistency and biasness for the results, the variance inflation factor (VIF) test was applied in order to check the multicollinearity problem. The value of mean VIF was found to be 1.89 in the anaylsis thus depicting no problem of collinearity in the model. In this iteratively carried out analysis, certain important variables are included and leave out certain other redundant variables are left out successively in such a manner that a balance is struck between simplicity and explanatory power in the finally obtained equation (Chambers & Cox, 1967; Giesbert et al., 2011). Since information on each of the explanatory variables was recorded either in a dichotomous or a multi-categorical manner; therefore, for each such variable, use of suitable dummy variables was done. To avoid the well-known econometric problem of circularity and dummy variable trap, the number of dummies for a given variable was required to be one less than the number of categories of that variable so that the logic of dummy variable trap may not appear in the estimation. Accordingly, requisite variables have been defined as follows:

Dependent Variable Y (Willingness to pay for bancassurance):

$$Y = \begin{cases} 1, & \text{if the respondent is willing to pay for bancassurance} \\ 0, & \text{otherwise} \end{cases}$$

Independent variables:

1. Districts

Since there were 5 districts, 4 dummies have been defined as follows:

$$Patiala = \begin{cases} 1, & \text{if the respondent is from Patiala district} \\ 0, & \text{otherwise} \end{cases}$$

$$Amritsar = \begin{cases} 1, & \text{if the respondent is from Amritsar district} \\ 0, & \text{otherwise} \end{cases}$$

$$\text{Sangrur} = \begin{cases} 1, \text{ if the respondent is from Sangrur district} \\ 0, \text{ otherwise} \end{cases}$$

$$\text{Jalandhar} = \begin{cases} 1, \text{ if the respondent is from Jalandhar district} \\ 0, \text{ otherwise} \end{cases}$$

Thus, the dummy for Ludhiana district has not been defined. This implies that the performance of different districts was examined in Ludhiana district as the *standard one.*

2. Gender

$$\text{Gender} = \begin{cases} 1, \text{ if the respondent is male} \\ 0, \text{ otherwise} \end{cases}$$

Since there are only two variables under gender, therefore, male category was assumed to be the standard one.

3. Age

Since there were six categories of age, five dummies have been defined for this variable:

$$\text{DAG1} = \begin{cases} 1, \text{ if the respondent is up to 20 years of age} \\ 0, \text{ otherwise} \end{cases}$$

$$\text{DAG2} = \begin{cases} 1, \text{ if the respondent is 21-30 years of age} \\ 0, \text{ otherwise} \end{cases}$$

$$\text{DAG3} = \begin{cases} 1, \text{ if the respondent is 31-40 years of age} \\ 0, \text{ otherwise} \end{cases}$$

$$\text{DAG4} = \begin{cases} 1, \text{ if the respondent is 41-50 years of age} \\ 0, \text{ otherwise} \end{cases}$$

$$\text{DAG5} = \begin{cases} 1, \text{ if the respondent is 51-60 years of age} \\ 0, \text{ otherwise} \end{cases}$$

4. Educational Qualification

With four categories of this variable, we have defined three dummies:

$$\text{DQPM} = \begin{cases} 1, \text{ if the respondent has education up to primary level} \\ 0, \text{ otherwise} \end{cases}$$

$$DQGR = \begin{cases} 1, \text{ if the respondent is a graduate} \\ 0, \text{ otherwise} \end{cases}$$

$$DQPG = \begin{cases} 1, \text{ if the respondent is a post-graduate} \\ 0, \text{ otherwise} \end{cases}$$

5. Marital Status

$$MRST = \begin{cases} 1, \text{ if the respondent is married} \\ 0, \text{ otherwise} \end{cases}$$

6. Present Work Status

With four categories of this variable, we have defined three dummies:

$$DSRV = \begin{cases} 1, \text{ if the respondent is in service} \\ 0, \text{ otherwise} \end{cases}$$

$$DBSN = \begin{cases} 1, \text{ if the respondent is doing business} \\ 0, \text{ otherwise} \end{cases}$$

$$DHMK = \begin{cases} 1, \text{ if the respondent is a home-maker} \\ 0, \text{ otherwise} \end{cases}$$

7. Family Type

$$FMLT = \begin{cases} 1, \text{ if family of the respondent is nuclear} \\ 0, \text{ otherwise} \end{cases}$$

8. Type of the Bank

$$WBAC = \begin{cases} 1, \text{ if the respondent has an account in private sector bank} \\ 0, \text{ otherwise} \end{cases}$$

It may be mentioned that categories of two of the variables, *viz.*, family size (FMSZ) and monthly income (MNIN) were ordinal; therefore, these variables were used as such (without defining dummies). From the dummy dependent variable Y (viz., willingness

$$\begin{aligned} Z = \beta_0 &+ \beta_1 DPTL + \beta_2 DASR + \beta_3 DJAL + \beta_4 GNDR + \beta_5 DAG2 + \beta_6 DAG3 + \beta_7 DAG2 \\ &+ \beta_8 DAG3 + \beta_9 DAG4 + \beta_{10} DAG5 + \beta_{11} DQPM + \beta_{12} DQGR + \beta_{13} DQPG + \beta_{14} MRST \\ &+ \beta_{15} DSRV + \beta_{16} DBSN + \beta_{17} DHMK + \beta_{18} MNIN + \beta_{19} FMTP + \beta_{20} FMSZ + \beta_{21} WBAC + U \end{aligned}$$

to pay for bancassurance), probit Z (which refers to the probability that a given respondent is willing to pay for bancassurance) was obtained through the customized R-programme. These values were then regressed upon the likely determinants as follows:

where, βs represent the partial regression coefficients of the determinants. Their statistical significance was tested through the usual t-tests. The overall suitability of the estimated model was assessed through *Nagelkerke* R^2. The term 'U' stands for the disturbance term, which accounts for the non-exactness of the model. Among the likely determinants, the information available was on the districts to which the respondents belong, their gender, age group, educational qualification, marital status, profession, monthly income, family type, family size and type of bank in which the respondent had an account.

The study variable (viz., willingness to pay for bancassurance) was binary (yes/no type). Therefore, the use of a suitable dummy dependent variable technique was done. Of the two well-known such techniques (viz., logit analysis and probit analysis), probit analysis is generally considered to have an edge over logit analysis and has, therefore, been adopted in the present analysis (Chambers & Cox, 1967; Giesbert et al., 2011). The test was applied in two steps one after the another. In the first step, all the aforementioned explanatory variables were taken into consideration (Table 7.2.1). To throw out the superfluous variables, if any, step-wise probit analysis was used. In this iteratively carried out analysis, certain important variables were included and leave out certain other redundant variables were left out successively in such a manner that a balance is struck between simplicity and explanatory power in the finally obtained equation (table 7.2.2). The results obtained through the step-wise analysis (table 7.2.2) were assigned higher importance vis-à-vis the results obtained through the usual analysis (table 7.2.1).

As per Table 7.2.1, the computed value of Nagelkerke R^2 (a measure of the overall suitability of the estimated model) was quite low (= 0.0952). Nevertheless, the value of even such a magnitude may be quite important, as it was associated with a very large number (= 536) of observations. Next, as many as six of the variables (viz.,

age group of 51-60 years, primary level educational qualification, marital status, businessmen, homemaker and family type) turned out to be statistically non-significant. Therefore, it became important to discard some such superfluous variables, as done in the step-wise analysis (Table 7.2.2).

Table 7.2.1 Results Obtained through the Application of Probit Analysis – All Variables

Variable	Estimate ($\hat{\beta}$)	S.E. ($\hat{\beta}$)	Z-value	Pr(>|z|)	Significance
Intercept	-1.922	0.654	-2.939	0.0033	**
Patiala	0.337	0.198	1.698	0.0895	.
Amritsar	0.486	0.196	2.479	0.0132	*
Sangrur	0.601	0.208	2.887	0.0039	**
Jalandhar	0.662	0.218	3.035	0.0024	**
Gender	0.040	0.157	0.254	0.0519	*
Up to 20 years	1.251	0.529	2.365	0.0181	*
21-30 years	1.085	0.497	2.183	0.0290	*
31-40 years	0.914	0.492	1.856	0.0634	.
41-50 years	0.990	0.488	2.028	0.0425	*
51-60 years	0.784	0.511	1.536	0.1246	NS
Primary Level	0.697	0.515	1.355	0.1754	NS
Graduate	0.485	0.226	2.142	0.0322	*
Post Graduate	0.531	0.250	2.120	0.0340	*
Marital Status	-0.163	0.176	-0.925	0.3550	NS
Service Men	-0.563	0.313	-1.800	0.0718	.
Business Men	-0.305	0.324	-0.943	0.3459	NS
Homemaker	-0.145	0.353	-0.412	0.6806	NS
Monthly Income	0.053	0.040	1.314	0.0188	**
Family Type	0.036	0.149	0.243	0.8078	NS
Family Size	0.055	0.083	-0.659	0.0990	*
Type of Bank	0.227	0.124	1.821	0.0367	**

** Significant at 1% probability level; * Significant at 5% probability level; • Significant at 10% probability level; NS Non-significant.
Source: Author's calculation based on primary data. Nagelkerke R2 = 0.0952; AIC = 722.72

Table 7.2.2 depicts the step wise probit analysis. It was found that three variables viz., businessmen, home-maker and family type were detected to be superfluous and were thus left out. The remaining variables were left with simpler and more manageable specifications. In the new specification, the value of Nagelkerke R^2 has marginally come down to 0.0903. Nevertheless, simpler specification (Table 7.2.2) was statistically comparable to the earlier complex specification (Table 7.2.1), because the value of the likelihood ratio test statistic (λ), computed for comparing the two specifications happened to be non-significant ($p = 0.8375$), this provided a due justification to put more weightage to the findings obtained through the step-wise analysis (Table 7.2.2). Although three of the variables, *viz.*, age group 51-60 years, primary level education and marital status continued to remain non-significant, these could not be ignored because, otherwise, the explanatory power of the model would get adversely affected (Grover and Bhalla, 2013; Kansra and Oberoi, 2021). Consequently, all 16 variables as appearing in table 7.2.2 were regarded as the major determinants of the study variable.

Table 7.2.2 Results Obtained through the Application of Step-Wise Probit Analysis

Variable	Estimate ($\hat{\beta}$)	S.E. ($\hat{\beta}$)	Z-value	Pr(>|z|)	Significance
Intercept	-2.124	0.565	-3.760	0.0002	***
Patiala	0.358	0.185	1.940	0.0524	.
Amritsar	0.478	0.188	2.543	0.0110	*
Sangrur	0.608	0.204	2.975	0.0029	**
Jalandhar	0.695	0.206	3.370	0.0008	***
Gender	0.035	0.161	0.259	0.0521	*
Up to 20 years	1.116	0.491	2.274	0.0230	*
21-30 years	0.938	0.456	2.060	0.0394	*
31-40 years	0.773	0.454	1.704	0.0885	.
41-50 years	0.827	0.445	1.860	0.0629	.
51-60 years	0.692	0.486	1.424	0.1544	NS
Primary Level	0.799	0.509	1.570	0.1164	NS
Graduate	0.509	0.225	2.267	0.0234	*
Post Graduate	0.568	0.247	2.300	0.0214	*
Marital Status	-0.222	0.155	-1.428	0.1534	NS
Service Men	-0.348	0.132	-2.642	0.0082	**
Monthly Income	0.056	0.042	1.321	0.0222	**
Type of Bank	0.196	0.117	1.673	0.0944	.

*** Significant at 0.1% probability level; ** Significant at 1% probability level; * Significant at 5% probability level; $^{\cdot}$ Significant at 10% probability level; ^{NS} Non-significant.
Source: Author's calculation based on primary data.
Nagelkerke $R^2 = 0.0903$; AIC = 714.80
Likelihood Ratio Test Statistic (λ) = 2.083^{NS}
Its p-value = 0.8375

Table 7.2.2 found that respondents from Jalandhar district were more significantly willing to pay for bancassurance ($p<0.001$) in comparison to Ludhiana district followed by respondents from Sangrur district ($p<0.01$), Amritsar district ($p<0.05$) and Patiala district ($p<0.1$). The respondents of below 20 years were more willing to pay for bancassurance in comparison to respondents above 60 years of age ($p<0.05$) followed by

21-30 years ($p<0.05$), 31-40 years and 41-50 years ($p<0.1$) which implied that as the respondent's age increases, he gets less willing to pay for bancassurance.

The post-graduated respondents were significantly more interested in paying for bancassurance ($p<0.05$) than those with secondary level qualification followed by graduates ($p<0.05$). It may be interpreted that the respondents' education level is directly connected with their willingness to pay for bancassurance. The more the respondent is qualified, the more he is willing to pay for bancassurance. It was found that male respondents were more willing to pay for bancassurance ($p<0.05$) in comparison to female respondents. It was further observed that the respondents who are retired were significantly more willing to pay for bancassurance in comparison to respondents who were in service ($p<0.01$). Respondents earning a monthly income of ₹50001- ₹60000 were more willing to pay for bancassurance in comparison to ₹60001 and above followed by income group of ₹ 40001- ₹ 50000, ₹ 20001-Rs.30000, ₹ 30001- ₹ 40000 and up to ₹ 20,000. It may be implied that the respondents who were retired were more interested in buying insurance through banks than the respondents who were in service. The respondents having accounts in public sector banks were more willing to pay for bancassurance. The reason for the same can be trust, the relationship of customers from public sector banks that customers from private sector banks don't feel. It may be mentioned that the significance of the intercept term implies that apart from the variables considered in the study, there could be certain other extraneous variables (not known) that may also be influencing the study variable.

SECTION III

7.3 CONCLUSION

There are numerous channels available through which insurance is being sold nowadays. Bancassurance is one such channel that offers insurance to its bank customers. Omnichannel provided by banks sells the same product to the customers physically as well as digitally with better accessibility, feasibility and commitment for claim settlement on a single click sometimes. The government of India on the other hand has provided various schemes related to insurance on nominal premium charges.

Irrespective of the diverse avenues provided to the customers, there is a lack of willingness for payment of bancassurance.

Out of 536 respondents, 39.2 percent respondents were interested in paying for bancassurance and a majority of the respondents were not in favor of paying for the same. The respondents who were ready to invest money for bancassurance were due to long-term relation with the bank followed by the reputation of the bank. Whereas, the reasons that majorly affected their decisions for non-payment of bancassurance were unawareness followed by non-affordability. The respondents who were interested in taking insurance from banks wanted to take it for full family and the amount of premium which respondents were willing to pay was up to □ 5000 per month. Most of the respondents preferred net banking for payment of premium amounts for bancassurance and preferred monthly payment of premium for bancassurance. The respondents preferred public sector banks for availing bancassurance instead of private sector banks.

It was found that the age group 51-60 years, primary level education and marital status were not significant and thus had no effect on willingness to pay for bancassurance. The respondents from Jalandhar were significantly more willing to pay for bancassurance in comparison to all other districts. The respondents of above 60 years of age were interested in buying insurance through banks.

The post-graduated respondents were significantly more interested in buying bancassurance than the respondents with a secondary level of education. It may be interpreted that the respondents' education level was directly connected with their willingness to pay for bancassurance. The more the respondent was qualified, the more he was willing to pay for bancassurance. Retired were significantly more interested to pay for bancassurance in comparison to respondents who were in service which implied that the respondents who were retired were more interested in buying insurance through banks than the respondents who were in service of some employer. The respondents having accounts in public sector banks were more willing to pay for bancassurance as compared to respondents from private sector banks. The reason for the same can be trust, a relationship between customers from public sector banks that customers from private sector banks don't feel (Deepalakshmi and Kavyaa, 2019).

The main reasons for the non-willingness to pay for bancassurance were unawareness about the same followed by unaffordability and the need for bancassurance. Therefore, bankers as well as insurance companies should make more efforts in making their customers aware of bancassurance and also frame strategies for converting the demand of customers into their need so that they may get ready for buying insurance through banks. The bankers should also stress the fact that respondents should be made feel comfortable about various features of premium payment, claim settlement, lack of formalities etc. so that they should prefer a one-stop shop i.e., banks for buying insurance.

The respondents were more inclined towards public sector banks for buying insurance irrespective of the efforts done by private sector banks such as promotions and advertisements of insurance services. The reasons for the same could be a long-term relationship with the banks, trust in public sector banks for the safety of funds, easiness in claim settlement, less complex documentation etc. Therefore, private sector banks should make efforts to build the trust of their customers for insurance services. The private sector banks should advertise insurance services and also make their services convenient and accessible for customers to buy insurance through banks.

It was observed that young respondents were more willing to pay for bancassurance than old age respondents. As younger the respondent was, the more he was willing to pay for bancassurance. Therefore, banks should frame their policies to target more young customers. It was further found that qualification was the main socio-economic determinant for willingness to pay for bancassurance. The more the respondent was qualified the more he was interested to buy insurance through banks and also more the respondent was earning more he was willing to pay for bancassurance. The banks can frame their policies keeping in consideration the qualification of their customers. Interestingly, respondents who were in service were not as willing to pay for bancassurance as the respondents who were retired. The reason for the same could be insurance services provided by employers to their employees in different organizations demotivates the customers to buy insurance through any other mode. The person who is working somewhere might get insurance for himself as well as for his spouse from their organization leading to less willingness to buy insurance on

its own. Therefore, the banks and insurance companies can frame their policies keeping the group insurance into consideration so that individual insurance business through banks can be increased.

However, various schemes related to insurance are being provided by the government at very fewer rates that motivate customers to buy insurance through public sector banks only. Thus, efforts on the part of private sector banks are required to make their customers aware of various schemes and plans available for insurance so that more customers can be fetched for insurance products sold by private sector banks.

CHAPTER VIII

PERCEPTIONS ABOUT BANCASSURANCE AMONG BANKERS OF PUBLIC AND PRIVATE SECTOR BANKS IN PUNJAB

The growth of bancassurance doesn't only rely on the customer's awareness, willingness and perception but also centers on the banker's attitude and perception (Gujral, 2018; Joshi, 2019). In bancassurance, bankers are the intermediaries between insurance companies and customers (Kalaivani and Karunanithi, 2020). They are the mediators with whom customers deal for purchasing insurance services through banks. Therefore, perception of bankers is important to execute efficient growth of bancassurance (Lee, 2006; Bhalla and Grover, 2013). A customer will never buy a product unless the seller sells the product as per the customer's requirement. A seller's selling performance is entirely associated with the motivation a seller has and the factors that influence the bankers in implementing bancassurance. Therefore, present study is an endeavor to know the factors that influenced bankers in adopting bancassurance and also the problems witnessed by bankers in adopting bancassurance in their banks.

The chapter is segmented into five sections. Section I will discuss the socio-demographic profile of the respondents. Section II will discuss the general information related to bankers and section III will outline the results on the application of principal component analysis concerning factors that influence the bankers to adopt bancassurance whereas section IV will discuss the results on the application of principal component analysis in respect of challenges faced by bankers in selling bancassurance. Section V will provide the conclusion and policy implications framed from the results of the chapter.

SECTION I

8.1 SOCIO-DEMOGRAPHIC PROFILE OF THE RESPONDENTS

8.1.1 Socio-Demographic Traits of the Respondents

Table 8.1.1 shows the frequency distributions of different categories of each of the items. It was found that there was an equal number of respondents from each district i.e., 20 percent and also an equal percentage of respondents from all the selected banks of Punjab (12.5 percent). The questionnaire was dispersed among the respondents who were in the management position in the bank. All the respondents who filled the questionnaire were at management level and the classification of their designation was

done based on responses filled by the respondents. The maximum respondents who filled out the questionnaire were from the age group of 21-30 years (47.5 percent), followed by 31-40 years (45 percent) and had experience of 5 years (45 percent) and few of them had experience of 6-10 years (47.5 percent).

Table 8.1.1 Socio-Demographic Traits of the Respondents

Characteristics	**(N= 40) (%)**
District	
Amritsar	8 (20)
Ludhiana	8 (20)
Patiala	8 (20)
Sangrur	8 (20)
Jalandhar	8 (20)
Name of the Bank	
Punjab National Bank	5 (12.5)
State Bank of India	5 (12.5)
UCO Bank	5 (12.5)
Punjab and Sind Bank	5 (12.5)
ICICI Bank	5 (12.5)
HDFC Bank	5 (12.5)
Dhanlaxmi Bank	5 (12.5)
City Union Bank	5 (12.5)
Designation of the Bankers *	
Branch Manager	6 (15)
Officer	11 (27.5)
Senior Manager	5 (12.5)
Manager	10 (25)
Deputy Manager	8 (20)
Age Categories of the Bankers	
21-30 years	19 (47.5)
31-40 years	18 (45)
41-50 years	0 (0)
51 years and above	3 (7.5)
Number of years for which the respondents have been working in the banking sector	
For the last 5 years	18 (45.0)
6-10 years	19 (47.5)
11-15 years	0 (0)
16-20 years	3 (7.5)

Source: Author‘s calculations based on primary data collected

*Classification of designation has been done based on responses received from respondents

8.1.2 General Information Related to Insurance Services

Table 8.1.2 depicts the general information of the banker concerning insurance services provided by their branch. 100 percent of the selected banks sell insurance in their banks. Both life as well as non-life insurance policies, are sold in the respondent's banks. The majority of banks follow the joint venture model of bancassurance (65 percent) followed by the referral model (22.5 percent) and corporate agency model (12.5 percent). 50 percent of the banks sell insurance policies for more than 15 years followed by 11-15 years (25 percent) and 25 percent of banks were there which sell insurance for the past 5 years only.

The data related to insurance company partners and insurance policies preferred by the customers was collected from bankers and the option of multiple responses was given to them to have better clarity of the scenario. It was found that the same bank partnered with more than one insurance company to sell their insurance product. The majority of the banks were in alliance with LIC (22.8 percent) followed by Bajaj Allianz General Insurance (16.5 percent), Oriental (11.4 percent), PNB Metlife (10.1 percent), SBI Life (8.9 percent), Bajaj Allianz Life Insurance (7.6 percent), SBI General (5.1 percent), Care Health (5.1 percent), Aditya Birla Health Insurance (5.1 percent), ICICI Lombard (3.8 percent), ICICI Prudential (2.5 percent) and ABSLI (1.3 percent). It was observed that the main source of making customers aware of bancassurance followed by banks were Direct Contact with customers (24.8 percent) and Advertisements (20.7 percent) followed by telephonic interaction (20.0 percent), bank‘s website (12.4 percent), direct mail to customers (12.4 percent) and canvassing customers by visiting their residence (9.7 percent).

As per banker's opinion the most preferred life insurance products by the customers of banks were money-back policy plans (26.8 percent) followed by endowment plans (20.1 percent), child insurance plans (14.1 percent), whole life insurance plans (13.4 percent), unit linked plans (12.8 percent) and retirement plans (12.8 percent). However, the most preferred non-life insurance plans are the plans related to health (39.6 percent), motor (36.6 percent) and home (22.8 percent). Willingness (20.7 percent) of the customer is the top factor based on which banks recommend insurance policies to their customers followed by the need of the customers

(20.2 percent), age of the customers (18.7 percent), availability of different types of products (18.7 percent), income of the customers (18.5 percent) and commission/fee from the insurance company (3.6 percent). 80 percent of the banks have special bancassurance officers in their banks and 67.5 percent of respondents rated the performance of the bancassurance branch as good.

Table 8.1.2 General Information Related to Insurance

Characteristics	**(N= 40) (%)**
Does your bank provide insurance (bancassurance)?	
Yes	40 (100)
No	0 (0)
If yes, what types of insurance policies are sold in your branch?	
Life-Insurance	0 (0)
Non-Life Insurance	0 (0)
Both	40 (100)
Which model of bancassurance is followed by your bank?	
Referral Model	9 (22.5)
Corporate Agency Model	5 (12.5)
Joint Ventures	26 (65)
For how many years has your bank been selling insurance?	
Up to 5 years	10 (25)
6-10 years	0 (0)
11-15 years	10 (25)
15 years and above	20 (50)
Which insurance company is your bancassurance partner? *	
Aditya Birla Health Insurance	4 (5.1)
Bajaj Allianz General Insurance	13 (16.5)
Bajaj Allianz Life Insurance	6 (7.6)
ICICI Lombard	3 (3.8)
ICICI Prudential	2 (2.5)
LIC	18 (22.8)
SBI Life	7 (8.9)
SBI General	4 (5.1)
PNB Metlife	8 (10.1)
Care Health	4 (5.1)
ABSLI	1 (1.3)
Oriental	9 (11.4)

Contd.

How do you make your customers aware about bancassurance in your branch? *	
Advertisement	30 (20.7)
Direct Contact with customers	36 (24.8)
Bank‘s website	18 (12.4)
Direct mail to customers	18 (12.4)
Through telephonic interaction	29 (20.0)
Canvassing customers by visiting their residence	14 (9.7)
Which of the following life insurance policies are mostly preferred by customers?	
Plan like Unit linked	19 (12.8)
Endowment plans	30 (20.1)
Money back policy	40 (26.8)
Whole life insurance	20 (13.4)
Child insurance plan	21 (14.1)
Retirement plan	19 (12.8)
hiWch of the following non-life insurance policies are mostly preferred by customers?	
Policies related to Health	40 (39.6)
Policies related to Travel	0
Policies related to Motor	37 (36.6)
Policies related to Marine	0
Policies related to Home	23 (22.8)
Other	1 (1.0)
On what basis do you recommend a particular insurance company's product to your customers? *	
Age of the customers	36 (18.7)
Income of the customer	35 (18.5)
Availability of different types of insurance products	36 (18.7)
Need of the customers	39 (20.2)
Willingness of the customers	40 (20.7)
Commission/fee from the Insurance Company	7 (3.6)
Is there a specific bancassurance officer for distributing insurance policies in your bank?	
Yes	32 (80)
No	8 (20)
What is your opinion about the performance of the bancassurance business in your branch?	
Very Good	13 (32.5)
Good	27 (67.5)
Average	0 (0)
Poor	0 (0)
Very Poor	0 (0)

Source: Author‘s calculations based on primary data collected
*Multiple responses possible

SECTION II

8.2 PERCEPTION OF BANKERS ABOUT BANCASSURANCE

8.2.1 Factors Influencing Bankers to Adopt Bancassurance

In this section the results from the PCA (principal component analysis) have been elaborated that were applied to answers given by bankers for factors influencing bankers to adopt bancassurance. Through the PCA technique, as many as 26 principal components were obtained. In Table 8.2.1 the coefficients (called *loadings*) of a few of the components have been presented. Eigenvalues associated with each of these components have also been given in the table. However, based on the sum of squares of the eigenvalues, the table also presents the relative contribution of each of the principal components in the total variance equaling the number of indicators (*i.e.,* 26, because the estimation has been made based on a standardized intercorrelation matrix) present in the available data set. In the present case, total 26 principal components (equaling the number of indicators) were obtained. These components could be expressed as:

Table 8.2.1 Composition of a Few of the Principal Components obtained in respect of the Factors Influencing Bankers to Adopt Bancassurance

Item	P_1	P_2	P_3	P_4	P_5	P_6	…	P_{26}
Bancassurance increases market share	0.421	0.032	0.249	0.104	0.276	0.243	…	0.460
Bancassurance will cover untapped and uninsured population	0.645	-0.016	0.018	-0.239	-0.081	-0.016	…	-0.451
Bancassurance increases bank‘s turnover	0.077	0.208	0.263	0.125	0.153	-0.215	…	-0.229
Bancassurance increases profitability of the banks	-0.070	-0.150	0.072	0.060	0.293	0.024	…	-0.121
Bancassurance can help to reduce NPAs	0.036	-0.056	0.454	0.058	-0.431	-0.276	…	0.088
Bancassurance provides assets securitization by selling insurance products	-0.246	-0.182	0.127	-0.223	-0.072	-0.325	…	-0.054
Bancassurance minimizes the overall cost of operations	0.085	0.155	0.223	0.072	-0.197	-0.430	…	0.216
Less prerequisite of extra capital in Bancassurance	0.150	-0.178	0.161	0.027	0.142	-0.140	…	0.309
Bancassurance reduces the risk of irregular income in	0.087	-0.361	0.177	-0.020	0.150	-0.057	…	-0.196
Less cost of premises for selling Bancassurance	0.014	-0.008	0.199	-0.020	-0.177	0.343	…	-0.035
Bancassurance helps to gain economies of scale by lowering the cost	-0.195	0.036	0.143	-0.060	0.149	-0.051	…	-0.312
Low cost to approach customers in Bancassurance	0.066	0.191	0.231	0.197	-0.022	0.344	…	-0.049
Bancassurance facilitates banks to collect non-fund income (commission)	-0.135	-0.383	0.360	0.333	0.038	0.131	…	-0.127
Bancassurance provides an efficient distribution channel with higher productivity	-0.143	0.235	0.175	0.157	0.304	-0.051	…	0.004

Readily available database to target retail and corporate clients in Bancassurance	-0.257	-0.199	0.095	-0.151	-0.246	0.234	…	0.024
Bancassurance increases market penetration by the existing customer base	-0.195	0.036	0.143	-0.060	0.149	-0.051	…	0.111
Bancassurance helps in customer retention	-0.046	-0.148	-0.010	-0.311	0.258	0.031	…	-0.114
Bancassurance increases revenue through long-term insurance contracts	-0.143	0.235	0.175	0.157	0.304	-0.051	…	-0.237
Bancassurance is better than traditional banking	0.028	0.033	0.192	-0.233	-0.044	0.014	…	-0.100
Bancassurance provides various types of financial products	-0.031	-0.175	0.206	-0.278	0.015	0.101	…	0.074
Bancassurance promotes a sales-oriented culture	-0.106	0.216	0.262	-0.258	-0.136	0.398	…	-0.023
The reputation of the bank helps to promote Bancassurance easily	-0.183	0.083	0.089	-0.350	0.120	-0.008	…	0.255
Prior relationship with the customers helps in promoting Bancassurance	0.017	0.036	-0.026	-0.264	0.249	-0.052	…	0.160
Bancassurance is a healthy approach to contest competition	0.170	-0.180	0.101	-0.258	0.214	-0.089	…	0.081
Bancassurance aids in improving the productivity of an employee	0.092	0.217	0.176	-0.186	-0.053	-0.069	…	-0.116
Trust and relationship with bank staff help is influencing customers towards Bancassurance	-0.061	0.432	0.049	-0.192	-0.018	-0.032	…	-0.006
Eigen Value	10.499	5.844	4.661	2.613	1.346	0.633	…	0.000
Relative Importance (%)	69.486	15.661	9.705	4.034	0.780	0.231	…	0.000
Cumulative Importance (%)	69.486	85.147	94.852	98.886	99.666	99.897	…	100.000

Source: Author‘s calculations based on Primary data

Here, too, it could be easily seen that the two peculiar properties are satisfied by the estimated coefficients, *viz.*,

(a) For each of the principal components P_i, the sum of squares of the loadings equals unity, and
(b) For any pair P_i and P_j of the principal components, the sum of products of the loadings equals zero [i, j ($i \neq j$) = 1, 2, …, 26].

It can be said that the principal components are such that they not only ensure overall variance to have been retained but also ensure orthogonality amongst them. In other words, there has been no loss of information through the construction of principal components and the components are mutually independent of each other (thereby ensuring freedom from the grave problem of multicollinearity, if any, among the indicators).

As can be seen from table 8.2.1, the eigenvalues of only the first five components were more than unity. The relative importance (in descending order of magnitude) was computed to be 69.49 percent by the very first component, 15.66 percent by the second component, 9.705 percent by third component, 4.034 percent by forth component and 0.780 percent by fifth component. The five components taken together were capable of explaining as much as 99.67 percent of total variance. Thus, a mere 0.33 percent of the total variance was explainable by the remaining 21 components. This provided a due justification to view only the first set of five principal components (and disregard the latter set of 21 components). It is in this sense that it has been possible to drastically bring down dimensionality in the data set through the PCA technique (from 26 to just 5) and, that too, without any major loss in the information. Therefore, bancassurance increases market share, bancassurance will cover untapped and uninsured populations, bancassurance increases bank turnover, bancassurance increases profitability of the banks and bancassurance can help to reduce NPAs were the main factors that influenced bankers to adopt bancassurance.

8.2.2 Challenges faced by Bankers in selling Bancassurance

In this section, the results obtained from the principal component analysis technique as applied to the responses on the factors of the challenges faced by bankers in selling bancassurance have been discussed. It may be mentioned that there were responses (again on a 5-point likert scale) on 19 items for the sample of 40 bankers. Through the PCA technique, 19 principal components were obtained. The estimated coefficients (along with eigenvalues and relative contributions of the components in total variance in the data set, equalling 19 in the present case) of a few of the components have been presented in Table 8.2.2. Here, as many as 19 principal components (equalling the number of indicators) were obtained (table 8.2.2).

Table 8.2.2 Composition of a Few of the Principal Components obtained in respect of the Challenges faced by Bankers in selling Bancassurance

Item	P_1	P_2	P_3	P_4	P_5	…	P_{19}
Bancassurance increases competition with banks and insurance companies	0.095	0.175	0.190	0.004	0.212	…	0.000
It's tedious to convert potential bank customers into insurance customers	0.036	-0.413	0.255	-0.048	-0.159	…	0.128
Multitasking leads to frustration among bankers	0.408	-0.041	-0.088	-0.164	0.110	…	-0.093
Resistance to change among bank employees	-0.356	-0.223	0.063	-0.376	0.044	…	-0.396
Clash of interest between bankers and insurers	0.296	-0.192	-0.158	0.057	-0.051	…	-0.120
Bankers have less interest to sell bancassurance products	-0.058	-0.397	-0.175	-0.072	-0.077	…	0.184
Risk of loss of reputation due to low quality of services by insurance companies through bancassurance	0.335	-0.378	-0.107	0.049	0.244	…	-0.188
Delay in claim settlement shatters the confidence of the customer in the bank	0.109	0.143	-0.109	0.002	-0.032	…	0.511
Difficult to sell Bancassurance due to lack of trust in the private sector	0.321	0.044	0.042	-0.346	-0.291	…	-0.174
Difficulty in selling complex insurance products	0.304	-0.080	-0.204	-0.064	0.481	…	0.000
Differences in selling approaches of bankers and insurers	-0.368	-0.040	-0.402	-0.340	0.153	…	0.000
Bancassurance increases competition with banks and insurance companies	0.240	0.068	-0.167	0.277	-0.440	…	-0.361
It's tedious to convert potential bank customers into insurance customers	0.077	-0.456	-0.040	-0.090	-0.049	…	0.320

Multitasking leads to frustration among bankers	0.110	0.122	-0.251	-0.140	-0.168	…	0.402
Resistance to change among bank employees	0.057	0.153	-0.340	-0.284	-0.398	…	0.000
Clash of interest between bankers and insurers	0.177	0.147	0.314	-0.173	0.068	…	0.000
Bankers have less interest to sell bancassurance products	-0.103	-0.305	0.221	0.060	-0.344	…	0.000
Risk of loss of reputation due to low quality of services by insurance companies through bancassurance	0.145	0.117	0.252	-0.599	-0.010	…	0.000
Delay in claim settlement shatters the confidence of the customer in the bank	0.087	-0.019	0.428	-0.022	-0.037	…	0.219
Eigen Value	7.789	4.888	2.473	1.135	0.687	…	0.000
Relative Importance (%)	75.281	20.112	2.937	0.644	0.445	…	0.000
Cumulative Importance (%)	75.281	95.393	98.330	98.975	99.420	…	100.000

Source: Author‘s calculations based on Primary data

However, these components could be easily seen to be mutually orthogonal to each other. Further, as can be seen from Table 8.2.2, the eigenvalues of only the first four components were more than unity. Relative importance (in descending order of magnitude) was computed to be 75.28 percent by the very first component, 20.11 percent by the second component, 2.94 percent by the third component and 0.64 percent by the forth component. The four components taken together were capable of explaining as much as 98.98 percent of the total variance. Thus, only 1.02 percent of the total alteration was explainable by the remaining 15 components. This provided a due justification to consider only the first set of four principal components (and disregard the latter set of 15 components). Thus, here, too, it was possible to bring down dimensionality in the data set through the PCA technique from as high as 19 to just 4 and, that too, without any substantial loss in the information. Therefore, bancassurance increases competition between banks and insurance companies, its tedious to convert potential bank customers into insurance customers of banks, multitasking leads to frustration among bank customers and resistance to change among bank employees are the main challenges that are faced by bankers in selling bancassurance.

SECTION III

8.3 CONCLUSION

The bankers indeed play an important role in the growth of bancassurance. Their inputs are required to increase the sales of bancassurance as customers are aware of banks selling bancassurance but they should buy insurance through banks to be informed to them. In the present chapter, an effort has been made to know the factors that influence bankers in adopting bancassurance and the challenges faced by bankers in selling bancassurance so that policies and strategies by the banks, insurance companies and government can be initiated more effectively. A structured questionnaire was disseminated among 40 bankers from five districts and 8 banks among those districts selected for the study.

It was found that the main factors that influenced bankers for adopting bancassurance were bancassurance increases market share, bancassurance will cover untapped and uninsured population, bancassurance increases bank turnover,

bancassurance increases profitability of the banks and bancassurance can help to reduce NPAs. These five factors influence the bankers and motivate them to adopt bancassurance in their banks. However, the major issues that are faced by bankers in selling bancassurance are it increases competition with banks and insurance companies, its tedious to convert potential bank customers into insurance customers of the bank, multitasking leads to frustration among bank customers and resistance to change among bank employees. Therefore, banks and government should frame policies for the bank employees to provide financial as well as non-financial incentives so that they should not face these challenges while selling bancassurance. The policies formulated to unravel these challenges will therefore be of great significance to encourage the bankers to initiate and successfully use bancassurance in their respective branches.

CHAPTER IX

SUMMARY, CONCLUSION AND POLICY IMPLICATIONS

Insurance penetration and density are the two significant indicators through which the growth and development of insurance in the country are assessed. Nevertheless, rapid growth has been observed in the number of registered insurers and premiums underwritten, still, the penetration of insurance among the citizens of India is quite less. Irrespective of efforts by the government for the promotion of insurance in India like Jan-Dhan-Aadhar- Mobile policies, the country is still lacking far behind in penetration. Various insurance schemes run by the Indian Government including the Atal Pension Scheme and other schemes from the name of Prime Minister like Suraksha Bima Yojana, Jan Dhan Yojana, etc. have been introduced by the government in recent years but the level of penetration is only 4.2 percent in comparison to a global penetration rate of 7.5 percent (Cafemutual, 2023).

Presently, there are 1,20,000 and above bank branches in India. Banks not only target the urban population of the country but also take into consideration all other sector of the population like the rural sector or semi-urban sector (Sinha, 2005; Karunagaran, 2006; Rajkumari, 2007) still penetration level of insurance is very low in India in comparison to its population size. The decision to universalize banking operations in India given by the Narsimham Committee and the Khan Committee resulted in the transformation of banking sector from the traditional culture of earnings from accepting and depositing funds to offering different products to their existing customers through its dispersed branches (Banerjee, 2009; Abey, 2016). Banks started to explore new dimensions of financial services and initiated offering inventive products by introducing bancassurance was one of the initiatives under the whole process (Karunagaran, 2006).

According to a report by the Internet and Mobile Association of India (IAMAI), the contribution of bancassurance in Indian market has mounted to 56 percent in 2019 from its half i.e., 27 percent in the year 2011 whereas the share of sales of insurance through the agency has declined to 24 percent from 42 percent in the same duration. Before COVID-19, Indian insurance companies were relying more on bancassurance

for increasing sales which later on slowed down due to the online pitching of customers for insurance by banks (Sengupta, 2021). According to Economic Survey (2022), the rate of penetration of insurance in India is 4.2 percent which is low compared to the global average penetration of 7.5 percent. The share of contribution of bancassurance in health insurance was 9 percent and the share of individual agents was 35 percent which is very high if compared with the contribution of banks (IRDA Reports, 2021; Malti, 2022; Patnaik, 2022). Although the premium collection percentage was 4 percent, the number of policies sold in the year has increased by more than 32 percent in the year 2021 in comparison to 2022 (Muthumari & Pushpaveni, 2017; Malti, 2022; IRDA Report 2021-22).

9.1. Rationale of the Study

To witness growth and development in the economy, there is always a need for a powerful financial structure. India has observed the lowest insurance penetration despite more than 1, 20, 000 bank branches existing in India (Mishra, 2012; Jain, 2018; IRDA 2020). Although the percentage of insurance penetration has increased intensely, the rate is still quite low in comparison to developed nations (Pani and Swain, 2013). India is a huge country with diverse traits and potential demand for insurance products but the main challenge is to fetch customers for insurance, especially through banks. As the number of middle-class families in society increased with time, RBI acknowledged the need for an effective mechanism through which a large part of society could be penetrated with insurance services. Thus, introduction of bancassurance was an imperative initiative in the same direction (Pani and Swain, 2013). In the present competitive market, it is not sufficient for insurance companies to fetch customers through insurance agents only and a strong dissemination system is required for increasing insurance penetration in India (Popli and Rao, 2009). Insurance companies have undergone a sea change situation after the inception of bancassurance as it has become easy for them to reach every potential customer through bank branches (Rao, 2003, Sinha, 2005).

However, it has been observed that bancassurance is at the infant stage and not able to frame such policies and strategies that can help in increasing penetration of insurance (Brar and Singh, 2016; Verma and Kansra, 2022). Programs that make

customers aware of buying insurance services through banks and training programs can be organized for the staff members that help them to influence their potential customers. A major proportion of the population is still not aware of the exact benefits of bancassurance. When banks provide car loans, house loans, etc. to their customers they can also offer insurance services along with loans to protect their loan amount (Kumari & Rajasekar, 2014; Gujral, 2015). However, Punjab being a large state has observed low insurance penetration in comparison to other states of India due to various challenges like documentation formalities, less awareness about bancassurance, longer processing time in claim settlement, etc. (Ali and Chatley, 2013, Bhalla and Grover, 2013, Gujral, 2014; Bansal and Kanwal, 2018). However, banks have the advantage of omni channels in which a large number of processes needed to be automated during its application, for both banking companies as well as insurance companies. Significant capital spending for the expansion and conservation of software and the purchase of apparatus is required (Serov & Vasiliev, 2019). Therefore, this is the right time for banks to move focus toward having a truly managed, bancassurance model (Shah, 2020).

Although various studies are available related to banks and insurance separately and even on bancassurance but there is a paucity of literature available on bancassurance and omni channels especially in India. Because digital banking is quite a new concept and especially omni channels adopted by banks nowadays are an emerging concept therefore omni channels and their implications are associated with bancassurance in the present study. Considering previous literature, it can be seen that banks are not able to reach their customers more efficiently through digital mode and facing difficulty in selling insurance through it. Thus, in the present study, awareness, perception and socio-economic determinants of willingness to pay of bank customers for bancassurance towards traditional and omni channels have been studied. However, an effort was also made to identify various factors which influence the bankers to adopt bancassurance.

The main objectives of the current study include:

1. To study the growth pattern and recent trends of bancassurance in India;
2. To assess the level of awareness of the customers about the features of bancassurance products;
3. To analyze the perceptions of bank customers towards bancassurance;

4. To identify the socio-economic determinants of willingness to pay for bank customers for bancassurance;
5. To identify the factors which influence bankers to adopt bancassurance;
6. To examine various challenges faced by bankers in selling bancassurance to their customers.

9.2. Growth pattern and recent trends of bancassurance in India

Through bank-wise analysis, it was found that out of all public and private sector banks, ICICI bank was the one which showed efficiency in both the cases whether operating at constant returns to scale or variable returns to scale. Dhanlaxmi bank has also showed efficiency when operating at variable returns to scale with BCC value = 1. All the other banks in both sectors showed less efficiency as the value for all banks was less than one. When banks are operating at constant returns to scale, State Bank of India from public sector banks and ICICI Bank from private sector banks have performed better than all other banks. However, when banks are operating at variable returns to scale, it was found that out of public sector banks, Punjab and Sind Bank and out of private sector banks, ICICI Bank and Dhanlaxmi Bank have performed better than all other banks. Overall, it was observed that ICICI Bank has performed better than all other public and private sector banks. It was observed through year-wise analysis that public sector banks and private sector banks have shown low efficiency in all the years assuming constant returns to scale except ICICI Bank. However, through BCC Model, it was observed that public sector banks were showing less efficiency in all the years with BCC Value less than 1 and in private sector banks, Dhanlaxmi Bank and ICICI Bank were showing efficiency with BCC Value = 1.

ARIMA model was applied to forecast the bancassurance income of public and private sector banks for the coming three years. Majority of the banks like Bank of Baroda, Bank of India, Bank of Maharashtra, Indian Overseas Bank, Punjab National Bank, State Bank of India and Union Bank of India from public sector category have shown growth in their incomes for the coming three years. Under other category of banks, it was found that Axis Bank, City Union Bank, Federal Bank, ICICI Bank, Karur Vysya Bank, IDBI Bank and Yes Bank have shown an increase in bancassurance income of their banks and Dhanlaxmi Bank, HDFC Bank, IndusInd Bank, Karnataka Bank,

Kotak Mahindra Bank and South Indian Bank have forecasted fall in their bancassurance incomes.

9.3. Awareness of customers about bancassurance products

The findings of the study revealed that the majority of the aware respondents were from Amritsar and were male. However, an age-wise comparison found that respondents of 21-30 years were more aware than other age groups. Mostly Graduates were aware and the least aware respondents were those who had only primary level education. The majority of the aware respondents were unmarried and respondents who were in service were more aware in comparison to businessmen. The respondents who were earning ₹60, 000 and above were most aware and most respondents who were living in a nuclear family were aware in comparison to those who were living in a joint family. Families having 4-6 members were more aware as compared to those having up to 2 members only.

The chi-square test was applied to know the association between awareness and various socio-demographic variables. The results indicated that there was a significant association between awareness and all the socio-demographic variables. However, values obtained from Cramer's V and Phi showed different strengths of association between different variables and awareness. It was observed through the results that respondents were not aware about majority of the features associated with bancassurance in banks. Very few respondents were fully aware about bancassurance features. Exploratory factor analysis was applied to identify the factors that affect the awareness of respondents about bancassurance. It was observed that the factors that affected the awareness of respondents were monetary features, eligibility factors and post-policy factors. Similarly for identifying the factors that affect the awareness about omni channel were promptness and perpetuality. From the values of the composite indexes for the individual observations, average values were computed for each of the five districts and the ranks were assigned accordingly. Thus, as the level of awareness about the features of bancassurance product is concerned, the leading districts were Amritsar and Jalandhar, while the lagging districts were Patiala and Sangrur and the level of awareness about the omni channel, the leading districts were Patiala and Amritsar, while the lagging districts were Sangrur and Jalandhar.

9.4. Perceptions of bank customers towards bancassurance

With the help of exploratory factor analysis, a total of ten factors were extracted. The extracted factors were reliability, accessibility, misconception, assurance, formalities, compatibility with insurance agents, lack of trust on insurance agents, lack of quality service, one stop shop and transparency. To examine whether the extracted factors have indeed represented the available data set appropriately or not, the use of the confirmatory factor analysis technique was performed. The results reveal that each of the items had a very strong linkage (generally at a 0.1 percent probability level) with the corresponding latent variable. The only exceptional case was in respect of the item, banks provide better service than insurance agents under Accessibility (ACCB), wherein the linkage was relatively weaker (significant at a 5 percent level).

Thus, on the whole, it may be stated that the constitution of the latent variables (as extracted through the exploratory factor analysis) indeed represents the data set very adequately. Reliability and accessibility are the two topmost factors that affect the perception of customers about bancassurance. Trust in the banks, safety, financial flexibility provided by banks in the services, information circulated about different policies regularly and the reputation of the bank also affected the perception of respondents, are a few perceived factors that influence the perception of customers about bancassurance. All the factors explored through exploratory factor analysis were found to be significant when tested using confirmatory factor analysis. Only one item i.e., banks provide better service than insurance agents was found significant but at a 10 percent level.

9.5. Socio-Economic Determinants of Willingness to Pay Bank Customers for Bancassurance

The findings revealed that less proportion was willing to pay for bancassurance and a majority of the respondents were not in favor of paying for the same. The main factors that influenced respondent's decision to pay were long-term relation with the bank and reputation of the bank. However, unawareness and unaffordability were the main reasons found for unwillingness to pay for bancassurance. the results of probit analysis found that five variables viz., gender, businessmen, home-maker, family type and family size were detected to be superfluous and were thus left out. It was found that

respondents from Jalandhar district were more significantly willing to pay for bancassurance in comparison to Ludhiana, Sangrur, Amritsar and Patiala. The respondents from the age category of below 20 years were more willing to pay for bancassurance in comparison to respondents above 60 years, 21-30 years, 31-40 years and 41-50 years which implied that as the respondent's age is increasing, he is less willing to pay for bancassurance. The respondents who are post-graduate are significantly more willing to pay for bancassurance than graduates or respondents with secondary level of education. Thus, more the respondent was qualified, the more he was willing to pay for bancassurance. It was further observed that the those who were retired were significantly more willing to pay for bancassurance in comparison to respondents who were in service. The respondents having accounts in public sector banks were more willing to pay for bancassurance in comparison to private sector banks.

9.6. Perception of Bankers towards Bancassurance

The principal component analysis technique was applied to identify the factors that influenced bankers to adopt bancassurance. Through this technique, as many as 26 principal components were obtained. It was found that the eigenvalues of only the first *five* components were more than unity. Relative importance (in descending order of magnitude) was computed to be 69.49 percent by the very first component, 15.66 percent by the second component, 9.705 percent by third component, 4.034 percent by fourth component and 0.780 percent by fifth component. The five components taken together were capable of explaining as much as 99.67 percent of the total variance in the available data set. Thus, a mere 0.33 percent of the total variance was explainable by the remaining 21 components. This provided a due justification to view only the first set of five principal components (and disregard the latter set of 21 components). Therefore, bancassurance increases market share, bancassurance will cover untapped and uninsured populations, bancassurance increases bank turnover, bancassurance increases profitability of the banks and bancassurance can help to reduce NPAs were the main factors that influenced bankers to adopt bancassurance.

For challenges faced by bankers, through the PCA technique, 19 principal components were obtained. descending order of magnitude) was computed to be 75.28 percent by the very first component, 20.11 percent by the second component, 2.94

percent by the third component and 0.64 percent by the fourth component. The four components taken together were capable of explaining as much as 98.98 percent of the total variance in the available data set. Thus, only 1.02 percent of the total variance was explainable by the remaining 15 components. This provided a due justification to consider only the first set of four principal components (and disregard the latter set of 15 components). Therefore, bancassurance increases competition with banks and insurance companies, it's tedious to convert potential bank customers into insurance customers of the bank, multitasking leads to frustration among bank customers and resistance to change among bank employees are the main challenges that are faced by bankers in selling bancassurance.

9.7. Policy Implications and Suggestions

- The present study found a low awareness of bancassurance among the respondents. Thus, there is a need to increase the awareness of bancassurance through channels such as advertisements in magazines, television, radio and digital platforms in order to increase penetration. There can be separate awareness campaigns specifically targeting districts with low level of awareness of bancassurance.
- It was observed that respondents were more inclined towards public sector banks for buying insurance. Therefore, private sector banks should make more efforts to build trust of their customers for insurance products.
- There is a need to give a clear understanding of the notion of banks selling insurance and its various aspects along with assistances to bank customers as in the study it was observed that bank customers hold different perceptions towards bancassurance. There is a dire need to make bank customers aware of the various aspects of bancassurance along with its various benefits.
- The young respondents in the study were more willing to pay for bancassurance than older respondents. Therefore, banks can design special bancassurance schemes offering insurance products at a subsidized rate for young customers.
- There is an immediate need to clarify and simplify the procedures involved in the bancassurance policies in order to bring clarity and transparency.

- The banks can motivate their employees by providing them financial as well as non-financial incentives to increase penetration of insurance through banks.
- A lesser efficiency and productivity of bancassurance income was found in public sector banks as compared to private sector banks. Thereby, it is suggested that public sector banks should restructure and reorganize their bancassurance business to survive and compete in long run. They can learn about the strategies adopted by private players in order to reorganize their bancassurance business.
- The public and private sector banks should focus on the quality and worth of services provided under different insurance plans to build confidence of the customers.
- The study identified factors such as gender, education, age, income, occupation and type of bank associated with willingness to pay while buying insurance from banks. Accordingly, banks while framing the products must consider these factors while designing new insurance products or modifying the existing products.

9.8. Scope for Future Research

Research may be conducted in the future to cover the following areas:

- Perception and willingness to pay for bancassurance in urban and rural areas.
- Service quality analysis of public and private sector banks with respect to insurance business.
- Comparative analysis of perception of insurance products from banks and insurance companies.
- Efficiency of bancassurance in life and non-life insurance in India.

9.9. Conclusion of the Study

A strong financial system with proper accessibility to financial products and services is required for the growth or expansion of a nation. The level of awareness and perception of bancassurance majorly depends on social, economic and behavioral characteristics. It was found that respondents were knowledgeable about the concept of bancassurance though partially as they were unaware of the various features and

benefits of bancassurance. The study identified factors such as gender, education, age, income, occupation and type of bank were associated with willingness to pay for bancassurance. Therefore, while framing the products banks must consider these factors while designing new insurance products or adapting already existent products. The respondents are well-informed about the concept of bancassurance for insurance distribution and show a willingness to embrace it as a preferred method for buying insurance products. The respondents were more inclined towards public sector banks while buying insurance than private sector banks due to long-term relationships, reputation, and trust. Therefore, private banks should make efforts to identify the factors that hinder customers from buying insurance through banks and frame strategies to fetch more clients. The future of financial integration lies in effectively addressing its limitations through a comprehensive approach. This entails implementing a well-designed system with streamlined proper harmonization, management and conscription. The commitment of higher authorities is crucial for achieving optimal outcomes. It is essential to identify those in banks with possession of the necessary qualities as well as ability for selling and enabling them to get insurance qualifications. The frontline officials and other personnel affianced with bancassurance should be given training not only in technical aspects but also in soft skills and claim settlement procedures. Simplicity should be prioritized in enrollment forms, claim forms and policy documents.

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ANNEXURE I

S. No. | | | |

Dear Sir/ Madam,

I am PhD. Research Scholar of Mittal School of Business, Lovely Professional University. I am conducting research on **"Perception and Awareness of Bancassurance: A Study of Public and Private Sector Banks in Punjab"**. Kindly spare your valuable time to give your response to the various questions mentioned in the questionnaire. Your responses will be of great help in contributing the research towards generalizing the awareness of Bancassurance among customers of banks. The responses given by you will be kept confidential and your participation will be appreciated.

Diksha Verma
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Lovely Professional University
Punjab

Supervised by:
Dr. Pooja Kansra
Lovely Professional University
Punjab

Section I: Respondent's Basic Information

S. No	Question	Response
1.	Name of the respondent	
2.	Mobile No.	

Section II: Socio-Demographic Profile of the Respondent

S. No	Question	Response	Coding
1.	District	Amritsar = 1 Ludhiana = 2 Patiala=3 Sangrur = 4 Jalandhar = 5	
2.	Gender	Male = 1 Female = 2	
3..	Age	Upto 20 years = 1 21-30 years = 2 31-40 years = 3 41-50 years= 4 51-60 years= 5 Above 60 years = 6	
4.	Educational Qualification	Primary = 1 Secondary = 2 Graduation = 3 Post-Graduation = 4 Any other (specify) = 5……	
5.	Marital Status	Married= 1 Single=2	
6.	Present Work Status	Service= 1 Business = 2 Homemaker = 3 Retired = 4	
7.	Monthly Income	Upto □20,000 = 1 □20,001- □30,000 = 2 □30,001- □40,000 = 3 □40,001-□50,000 = 4 □50,001-□60,000=5 □60,001 and Above =6	
8.	Family Type	Joint =1 Nuclear= 2	
9.	Family Size	Up to 2 members = 1 2-4 members = 2 4-6 members = 3 6 members and above =4	

Section III: General Information Related to Bank and Insurance

S. No	Question	Response	Coding
1.	In which bank you have account?	Public sector = 1 Private sector= 2 Both= 3	
2.	Name of the Bank	Punjab National Bank=1	

		State Bank of India=2 UCO Bank=3 Punjab and Sind Bank=4 ICICI Bank=5 HDFC Bank=6 Dhanlaxmi Bank=7 City Union Bank=8	
3.	Since how many years you are taking banking services?	0-2 years=1 2-4 years=2 4-6 years=3 6-8 years=4 8 years and above=5	
4.	How frequently do you visit your bank?	Daily=1 Weekly=2 Monthly=3 Yearly=4 Don't visit banks (prefer to take services online) =5	
5.	Do you prefer taking banking services through online mode?	Yes =1 No=2	
6.	If yes, since how many years you are availing services online?	0-2years =1 2-4 years=2 4-6 years=3 6-8 years =4 8 years and above=5	
7.	Which mode you find better for your banking services?	Physical=1 Online=2	
8.	Have you taken any type of insurance policy?	Yes =1 No=2	
If No, skip to section IV			
	What is the type of insurance taken?	Deposit based=1 Loan based=2 Insurance based=3	
	Through which mode you have taken insurance policy?	Insurance Agent=1 Bank=2 Online=3 None=4 Any other (specify)=5……	
	Which insurance policy you have taken?	Life insurance=1 Health insurance=2 Motor insurance=3 Travel insurance=4 Property insurance=5 Any other (specify) =6……..	
	What are the objectives of taking insurance policy?	Investment=1 Protection=2 Tax benefit=3 Education=4 Annuity=5	

		Any other (specify) =6.....	

Section IV: Awareness of various Aspects of Bancassurance

1.	Are you aware that banks also sell insurance policies (Bancassurance)?	Yes=1 No=2	
2.	If Yes, What is the source of your awareness about banks selling insurance policies?	Advertisement=1 Bank staff=2 Friends and relatives=3 Bank's website=4 Exhibitions/ conferences/ awareness camps organised by bank=5 Any other (specify) =6.....	

3. Rate your level of awareness about the features of Bancassurance product of your bank.

S. No.	Features	Fully aware	Partly aware	Not at all aware
1.	Level of financial protection by Bancassurance			
2.	Premium amount to be paid in Bancassurance			
3.	Types of products available in Bancassurance			
4.	Age limit for taking the Policy			
5.	Basic documents required for Bancassurance			
6.	Death benefits provided by Bancassurance			
7.	Investment component provided by Bancassurance			
8.	Maturity benefits provided by Bancassurance			
9.	Tax benefits provided by Bancassurance			

4. Have you taken insurance from bank? Yes [ ] No [ ]

5. If yes, specify the reason for taking Bancassurance? (Multiple Response Possible)

One Stop Shop [ ] Less Premium [ ] Better insurance plans [ ] Convenient Payment mode [ ] Better Client Service [ ] Better coverage on maturity [ ] Low distribution network of insurance companies [ ] Trust [ ] any other (Specify)……..

6. If no, specify the reason for not taking Bancassurance? (Multiple Response Possible)

Not aware [ ] Not interested [ ] Expensive [ ] don't trust banks [ ] Documentation formalities [ ] any other (specify).....

7. Are you aware about Omni channels provided by banks for their services? Yes [ ] No [ ]

8. If yes, what is the source of your awareness about omni channels? Bank staff [ ] Bank's websites [ ] Friends and relatives [ ] Advertisements [ ] any other (specify).....

9. Are you aware that you can take insurance through omni channels? Yes [ ] No [ ]

10. Do you find it suitable to avail omni channels for insurance? Yes [ ] No [ ] don't know [ ]

11. Rate your level of awareness about the features of omni channels provided by bank for insurance.

S. No.	Features	Fully aware	Partly aware	Not at all aware
1.	Instantaneous information of insurance products and services			
.2.	Transparency in insurance proceedings			
3.	Instant action on issues related to Bancassurance			
4.	24x7 services for Bancassurance			
5.	Customer-centric mobile apps for taking Bancassurance			
6.	Web-based distribution channels for Bancassurance			

Section V: Perceptions of Bank Customers towards Bancassurance

1. Rate the below mentioned factors about perception of Bancassurance on Five-point Likert Scale, ranging from 5 to 1. Please be sure to give one answer only for each statement and don't leave any statement unanswered.

S. No.	Features	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)
Accessibility						
1.	Bancassurance is a one stop shop					
2.	Bancassurance offers a complete portfolio of financial products					
3.	Banks are easily accessible					
4.	Banks are more convenient to buy insurance					
5.	Insurance agents are more suitable to buy insurance					
6.	I believe that it is easy to pay premium through banks					
7.	Insurance agents are easily approachable					
8.	Banks are more stable than insurance agents					
9.	I believe that Bancassurance provides greater financial flexibility					
Trust						
1.	I trust my bank more than insurance agent.					
2.	Banks are more reliable than insurance companies					

3.	Reputation of bank motivates me to take Bancassurance					
4.	My bank is safer than insurance companies					
5.	Insurance agents are less trustworthy					
6.	I believe my agent more than bank for insurance products					
7.	I believe Bancassurance is costly as compared to insurance companies					
8.	I believe that public bank is safer as compared to insurance companies					
Convenience						
1.	Bancassurance provide me better premium rates					
2.	Bancassurance provide me better claim settlement					
3.	I believe that Bancassurance is a hassle-free process					
4.	I believe that Bancassurance is more effective than traditional distribution method of insurance					
5.	Banks provide better service than insurance agents					
6.	Bankers give expert advice					
7.	I believe that Banks provide information on regular basis					
8.	Insurance agent provides relevant information about various policies					
9.	I believe that Banks understand my needs in a better way					
10.	I believe that agents are more sincere in solving policyholder's problems					
11.	There is always a coordinated & a sincere effort to satisfy the customer in my bank					
Complexities						
1.	There are high service charges in Bancassurance					
2.	There are many procedural formalities in Bancassurance					
3.	I believe that Bankers provide manipulative advice					
4.	I believe that Bancassurance fails to provide personalized service					
5.	I believe that insurance agents give manipulative advice					
6.	I believe that my bank offer fewer products as compared to insurance companies					
7.	I believe insurance through banks is a complex process					
8.	I have less knowledge about Bancassurance					
9.	I believe that my bank convince to buy other products also					

10.	There is lack of clear description about insurance products sold by banks					
11.	There is lack of commitment and motivation from bank staff					
12.	I believe that Bancassurance is still at infant stage					
13.	Bancassurance will not yield any return, rather it is a money loss					
Omnichannel						
1.	I believe that banks make transaction easy by providing omni channels					
2.	Omni channels in bank help in managing insurance policy at single click					
3.	Bank websites make me aware about different types of insurance policies					
4.	It provides transparency in my insurance proceedings					
5.	I am satisfied with the decision to avail insurance facility through e-banking					
6.	Insurance related information is well organized on bank's website					

Section VI: Willingness to pay

1. Are you willing to pay for Bancassurance? Yes [ ] No [ ]
2. If yes, which factors influence your decision to pay for Bancassurance? (*Multiple Response Possible*)

   Long term relation with bank [ ] Reputation of the bank [ ] Accessibility [ ] Better premium [ ] Better claim settlement [ ] any other (specify)……
3. If no, what are the reasons for not willing to pay for Bancassurance? (*Multiple Response Possible*)

   I am not aware about Bancassurance [ ] I can't afford it [ ] I have unstable job [ ] I don't feel the need to take Bancassurance [ ] I prefer some other area for investing money [ ] I believe Bancassurance is not reliable [ ] I need to save money for future, how can I buy it [ ] I want to enjoy the present instead of securing the future [ ]

   I would prefer to invest rather than taking insurance from banks [ ] any other [ ] (Specify).....
4. For whom you are willing to pay for Bancassurance? Self [ ] Spouse [ ] Full family [ ]
5. How much monthly amount are you willing to pay for Bancassurance? Up to □ 5000 [ ] □ 5000- 10000 [ ] □ 10000-15000 [ ] □ 15000-20000 [ ] □ 20000-25000 [ ] □ 25000 and above [ ]

6. Which mode of payment you find more suitable for Bancassurance? Cash [ ] Cheque [ ] Net banking [ ] Auto debit [ ]

   Any other (specify).....

7. How frequently you are willing to pay for Bancassurance? Monthly [ ] Quarterly [ ] Semi Annually [ ] Annually [ ]

8. From which bank you are willing to take insurance? Public Sector [ ] Private Sector [ ] Both [ ]

9. Rate the below mentioned factors for willingness to pay for Bancassurance on Five point Likert Scale, ranging from 5 to 1. Please be sure to give one answer only for each statement and don't leave any statement unanswered.

S. No.	Features	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)
1.	I will be willing to pay if comprehensive coverage is provided with least cost					
2.	I will be willing to pay if some contribution is made by employer					
3.	I will be willing to pay if Bancassurance is available with least documentation formalities					
4.	I will be willing to pay if friends and relatives also take Bancassurance					
5.	I will be willing to pay if someone suggests about it					
6.	I will be willing to pay if bank provides transparent information about Bancassurance					
7.	I will not be willing to pay because not aware about omni channels in Bancassurance					
8.	I will be willing to pay if provided with the facility of omni channels in Bancassurance					
9.	I will be willing to pay if comprehensive coverage is provided with least cost					

Thank you for your valuable effort

ANNEXURE II

S. No. | | | |

Dear Sir/ Madam,

I am PhD. Research Scholar of Mittal School of Business, Lovely Professional University. I am conducting research on **"Perception and Awareness of Bancassurance: A Study of Public and Private Sector Banks in Punjab"**. Kindly spare your valuable time to give your response to the various questions mentioned in the questionnaire. Your responses will be of great help in contributing the research towards generalizing the awareness of Bancassurance among customers of banks. The responses given by you will be kept confidential and your participation will be appreciated.

Diksha Verma
Research Scholar, 41800873
Lovely Professional University
Punjab

Supervised by:
Dr. Pooja Kansra
Lovely Professional University
Punjab

Section I: Socio-Demographic Profile of the Respondent

S. No	Question	Response	Coding
1.	From which district you belong?	Amritsar = 1 Ludhiana = 2 Patiala=3 Sangrur = 4 Jalandhar = 5	
2.	Name of the Bank	Punjab National Bank=1 State Bank of India=2 UCO Bank=3 Punjab and Sind Bank=4 ICICI Bank=5 HDFC Bank=6 Dhanlaxmi Bank=7 City Union Bank=8	
3..	Designation		
4.	Age (in years)	21-30=1 31-40=2 41-50=3 51 and above=4	
5.	Since how many years you are working in banking sector?	From last 5 years=1 6-10 years=2 11-15 years=3 16-20 years=4 more than 20 years=5	

Section II: General Information Related to Bank and Insurance

S. No	Question	Response	Coding
1.	Does your bank provide insurance (bancassurance)?	Yes=1 No=2	
2.	If yes, what types of insurance policies are sold in your branch?	Life insurance=1 Non-life insurance=2 Both=3	
3.	Which model of Bancassurance is followed by your bank?	Referral Model=1 Corporate Agency=2 Joint Ventures=3	
4.	Since how many years your bank is selling insurance?	Up to 5 years=1 6-10 years=2 11-15 year=3 15 years and above=4	
5.	Which insurance companies is your Bancassurance partner?		

6. How you make your customers aware about your branch selling insurance policies? (Multiple Responses Possible)

   Advertisements [ ] Direct contact with customers [ ] Bank's websites [ ] Direct mail to the customers [ ] through telephonic interaction [ ] Canvassing customers by visiting their residence [ ] any other (specify)……....

7. Which of the following life insurance policies are mostly preferred by customers? (Multiple Responses Possible)

   Plan like Unit linked [ ] Endowment plans [ ] Money back policy [ ] Whole life insurance [ ] Child insurance plan [ ] Retirement plan [ ] Any Other (Specify).....

8. Which of the following non-life insurance policies are mostly preferred by customers? (Multiple Responses Possible)

   Policies related to Health [ ] Policies related to Travel [ ] Policies related to Motor [ ] Policies related to Marine [ ] Policies related to Home [ ] Any Other (Specify).....

9. On what basis you recommend a particular insurance company's product to your customers? (Multiple Responses Possible)

   Commission/fee from the Insurance Company [ ] Age of the customers [ ] Income of the customer [ ] Availability of different types of insurance product [ ] Need of the customers [ ] Willingness of customers [ ] any other (specify)……..

10. Is there a specific bancassurance officer for distributing insurance policies in your bank?

    Yes [ ] No [ ]

11. What is your opinion about the performance of Bancassurance business in your branch?

    Very Good [ ] Good [ ] Average [ ] Poor [ ] Very Poor [ ]

Section III: Factors influencing Bankers to adopt Bancassurance

1. Rate your level of agreement with respect to the factors which influence your attitude towards adopting Bancassurance. In the scale given below, 5 depict Strongly Agree, 4 as Agree, 3 as Neutral, 2 as Disagree and 1as Strongly Agree.

Sr. No.	Statements	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1.	Bancassurance increases market share					
2.	Bancassurance will cover untapped and uninsured population					
3.	Bancassurance increases bank's turnover					
4.	Bancassurance increases profitability of the banks					

Sr. No.	Statements	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
5.	Bancassurance can help to reduce NPAs					
6.	Bancassurance provides assets securitization by selling insurance products					
7.	Bancassurance minimizes the overall cost of operations					
8.	Less prerequisite of extra capital in Bancassurance					
9.	Bancassurance reduces risk of irregular income					
10.	Less cost of premises for selling Bancassurance					
11.	Bancassurance helps to gain economies of scale by lowering the cost					
12.	Low cost to approach customers in Bancassurance					
13.	Bancassurance facilitates banks to collect non fund income (commission)					
14.	Bancassurance provides efficient distribution channel with higher productivity					
15.	Readily available data base to target retail and corporate clients in Bancassurance					
16.	Bancassurance increases market penetration by existing customer base					
17.	Bancassurance helps in customer retention					
18.	Bancassurance increases revenue through long term insurance contracts					
19.	Bancassurance is better than traditional banking					

20.	Bancassurance provides various types of financial products					
21.	Bancassurance promotes sales-oriented culture					
22.	Reputation of bank helps to promote Bancassurance easily					
23.	Prior relationship with the customers helps in promoting Bancassurance					
24.	Bancassurance is a healthy approach to contest competition					
25.	Bancassurance aids in improving productivity of employee					
26.	Trust and relationship with bank staff helps is influencing customers towards Bancassurance					

Section IV: Challenges faced by Bankers in selling Bancassurance

Rate your level of agreement with respect to challenges faced by you as a banker in selling Bancassurance. In the scale given below, 5 stands for Strongly Agree, 4 for Agree, 3 for Neutral, 2 for Disagree and 1for strongly disagree.

Sr. No.	Statements	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1.	Bancassurance increases competition with banks and insurance companies					
2.	Its tedious to convert potential bank customers into insurance customers					
3.	Multitasking leads to frustration among bankers					
4.	Resistance to change among bank employees					
5.	Clash of interest between bankers and insurers					

6.	Bankers have less interest to sell bancassurance products					
7.	Risk of loss of reputation due to low quality of services by insurance companies through bancassurance					
8.	Delay in claim settlement shatters confidence of the customer on bank					
9.	Difficult to sell Bancassurance due to lack of trust in private sector					
10.	Difficulty in selling complex insurance products					
11.	Difference in selling approaches of bankers and insurers					
12.	Less visits by customers result in delay in selling insurance					
13.	Customers don't trust their banks for insurance purposes					
14.	Difficulty in identifying potential customers for insurance purpose					
15.	High service cost in non-life insurance products					
16.	Non-life insurance products require more attention and proper risk management					
17.	Bancassurance products cannot be customized or tailor made					
18.	Lack of incentives remains a major barrier in motivating customers					
19.	Bancassurance is better than traditional banking					

Thank you for your valuable effort