

Measuring Channel Partners Experience in Bancassurance: An Empirical Study

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Introduction

In today's Indian Insurance market, the challenge to insurers and intermediaries is building faith about the company in the mind of the client. In today's scenario, life insurance companies have adopted different channels for distributing their products. A broad categorization of channels currently being used in the distribution of life insurance products is agency, bancassurance, direct marketing, broker, work site marketing, internet marketing, and corporate agency. In this study researcher studied factor affecting on business recommendation by bancassurance channel of insurance company. Four factors are considered for this study namely satisfaction on service, opinion about staff, recommendation for business, satisfaction on documentation process, customers overall satisfaction. Correlation and Multiple Linear Regression analysis was carried.

Marketing of life insurance product is most critical and complex for various obvious reasons that include time span, periodicity and potentiality of claims and higher brand switching costs affecting the buying behavior. In the current scenario in India, insurance companies are facing problem of transiting from a perceived selling activity to a structured strategic marketing activity. Insurance marketing is basically just the marketing of life insurance products. Insurance marketing emphasizes the importance of the channel Partner. A major objective of Life Insurance Company is to generate the maximum business from channel partners.

ABSTRACT

Purpose– This study attempts to investigate bancassurance channel experience with respect Insurance Company. **Design/Methodology/Approach**– The study is based on primary data collected using a structured questionnaire from bancassurance channel in the city of Kolhapur in the state of Maharashtra, India. Cronbach's alpha was used to test the reliability of the questionnaire. Statistical tools, such as mean, correlation and multiple linear regression analysis were used to attain the objective of the study. **Findings and implications**– The study found that customers have favorable experiences when buying life insurance through the bancassurance channel. There are five core factors that affect customer experience in bancassurance channel partners: satisfaction on service, opinion about staff, recommendation for business, satisfaction on documentation process, customers overall satisfaction. Insurance company should devise a strategy to sustain favorable experiences of their bancassurance channel, as this enables Insurance Company to retain their existing bancassurance channel while also attracting new ones. **Limitations**– The study is restricted to bancassurance channel partner of XYZ insurance company in Kolhapur, India. Therefore, longitudinal and cross-sectional research is needed to generalize the findings. **Originality**– The study is first of its kind and hence original in nature.

Keywords: *bancassurance channel partner, satisfaction on service, opinion about staff, recommendation for business in bancassurance, regression analysis*

Objectives of the study:

To study the factors affecting on recommendation for business by bancassurance channel of Insurance Company.

Hypothesis of the study:

1. There is no significant relationship between recommendations for business by bancassurance channel of Insurance Company and Satisfaction on Service.
2. There is no significant relationship between recommendations for business by bancassurance channel of Insurance Company and Opinion about staff.
3. There is no significant relationship between recommendations for business by bancassurance channel of Insurance Company and satisfaction on documentation process.
4. There is no significant relationship between recommendations for business by bancassurance channel of Insurance Company and customers overall satisfaction.

Instrument

The survey instrument was a design questionnaire for this study. The content in questionnaire was validated by experts of General Insurance Companies. Instrument was pre-tested among the respondents to establish its validity and reliability. The instrument consists of six sections namely demographic information, satisfaction on expectation, opinion about staff, recommendation for business,

satisfaction of documentation process and customer satisfaction. The items were measured on both 5-point Likert-type scales.

Reliability Tests

Questionnaire was pre-tested among 30 respondents from different business partners of XYZ General Insurance. They were asked to note down the items or statement which are

difficult to understand. After the feedback, the questionnaire was pre-tested again. The pre-test revealed the reliability of items for each section in the questionnaire which was evaluated using internal consistency approach (Cronbach's Alpha). From the analysis, results shows that reliability for each section was above 0.7 which indicated that the questionnaire were reliable.

Table 1: Reliability analysis Cronbach's Alpha.

Sr. No.	Construct	Item's	Cronbach's Alpha
1.	Satisfaction on Service	8	0.919
2.	Opinion about Staff	7	0.898
3.	Recommendation for Business	4	0.881
4.	Satisfaction on Documentation Process	3	0.845
5.	Customers overall Satisfaction	3	0.855

Data Analysis

SPSS Version 20 software was used to analyze the data. Descriptive statistics were used to illustrate demographic information of the respondents. A regression analysis was used to determine the relationship between satisfaction on service, opinion about staff, recommendation for business, satisfaction on documentation process, customers overall satisfaction . All statistically analysis was carried out at 95% confidence level and 5% confidence interval. Sample Size is 150 channel partners

Table 2: Mean Standard Deviation and Cronbach Alpha of Scale.

Construct 1: Satisfaction on Service	Mean	SD	Cronbach's Alpha
Items 1. The XYZ manager responds to my inquiries in a timely manner.	4.20	0.93	0.919
Items 2. Overall, I am satisfied on XYZ Products.	4.11	0.88	
Items 3. I am satisfied with after purchase service provided by XYZ.	4.00	0.99	
Items 4. Overall, I am very satisfied with the XYZ manager services.	4.03	0.95	
Items 5. The XYZ manager is making a positive contribution to my business.	4.33	0.85	
Items 6. I am satisfied with the appropriateness of the documentation to our needs.	3.95	0.90	
Items 7. I am satisfied with the quality of the documentation delivered with our system.	3.91	0.99	
Items 8. Overall, I am very satisfied with human resources provide to us.	3.75	1.01	
Construct 2: Opinion about Staff	Mean	SD	Cronbach's Alpha
Items 1. XYZ service representatives adhere to professional standards of conduct.	3.83	0.97	0.898
Items 2. XYZ service representatives are well trained.	4.23	0.78	
Items 3. XYZ service representatives act in my best interest.	4.16	0.86	
Items 4. XYZ service representatives are well supervised.	3.93	1.03	
Items 5. Overall, I am satisfied with the XYZ service representatives.	4.11	0.95	
Items 6. The XYZ Manager is knowledgeable and professional.	4.16	0.97	
Items 7. Overall, the quality of XYZ sales is good.	4.16	0.82	
Construct 3: Recommendation for Business	Mean	SD	Cronbach's Alpha
Items 1. I would recommend my business friends" to avail XYZ services.	3.81	1.01	0.881
Items 2. I would recommend our management to continue service with XYZ	4.01	0.85	
Items 3. I would recommend other branch managers to avail XYZ services.	3.76	0.88	
Items 4. Overall, the value of XYZ services compared with other Organization is better.	3.88	0.86	

Construct 4: Satisfaction of Documentation Process		Mean	SD	Cronbach's Alpha
Items 1. I am satisfied with the accuracy of the documentation delivered by XYZ		3.78	1.04	0.845
Items 2. I am satisfied with the suitability of the documentation provided by XYZ.		3.73	0.98	
Items 3. I am overall satisfied with the documentation process followed by XYZ.		3.88	0.86	
Construct 5: Customer Experience.		Mean	SD	Cronbach's Alpha
Items 1. I would recommend our management to continue service with XYZ.		4.01	0.91	0.855
Items 2. I am satisfied with value provided by XYZ.		3.88	1.02	
Items 3. I am satisfied with purchase experience provided by XYZ.		3.95	0.94	

Table 3: Pearson r Coefficient for hypothesis testing

	Recommended For Business		Satisfaction on Service		Opinion about Staff		Satisfaction on Documentation	
	r	P	r	P	r	P	r	P
Recommended For Business								
Satisfaction on Service	0.482	0.000						
Opinion about Staff	0.545	0.000	0.641	0.000				
Satisfaction on Documentation	0.401	0.000	0.587	0.000	0.329	0.000		
Customer Experience	0.509	0.000	0.722	0.000	0.675	0.000	0.579	0.000

There is a positive correlation between all variables namely recommended for business, satisfaction on service, opinion about staff and satisfaction on documentation at significance level 0.01.

Opinion about staff has shown highest correlation with Customer experience (r = 0.675, p < 0.01) and second highest correlation with Satisfaction on Service (r = 0.641, p < 0.01). Opinion about staff has shown lowest correlation with Satisfaction on Documentation (r = 0.329, p < 0.01). Correlation matrix shows low to moderate correlation among the variables.

Table 4: Hierarchical regression for hypotheses testing

	B	SE	Beta	t	P-Value	F	P	R ²	Adjusted R ²
Variables	Recommended For Business					15.490	0.000	0.352	0.329
Constant	0.968	0.529	-	1.830	0.073	Significant at the level of P < 0.01			
Opinion about Staff	0.498	0.121	0.464	4.105	0.000				
Satisfaction on Documentation	0.229	0.104	0.248	2.196	0.032				

The four independent variables and one dependent variable were entered into the Stepwise Multiple Linear Regression models. Out of four independent variables, two variables are excluded in stepwise regression. These variables are satisfaction on service and customer experience. Using all variables, a total 32.9 per cent of the variance on Recommended For Business can be explained.

In this model difference between R² adjusted R² was (0.352 – 0.329 = 0.023). This shrinkage means that if the model were derived from the population rather than a sample, it would account for approximately 2 per cent less variance in the outcome.

The b-value tells us about the relationship between recommendation for business and each predictor. If the value is positive we can tell that, there is a positive relationship between the predictor and the outcomes in our case both are positive. The b-value tells us to what degree each predictor affects the outcome if the effects of all other predictors are held constant.

Opinion about Staff (b=0.121): This value indicates that opinion about staff increased by one unit, recommendation for business increased by 0.121 unit.

Satisfaction on Documentation (b=0.104): This value indicates that satisfaction on documentation increased by 0.104 units.

The t-test as measures of whether the predictor is making a significant contribution to the model. In our case t-test associated with b-value is significant at $p < 0.05$. Hence we can say that the predictors is making and significant contribution to the model.

Opinion about Staff: The value indicates that at opinion about staff increased by on standard deviation recommendation for business increased by 0.464 standard deviation.

Satisfaction on Documentation: The value indicates that at satisfaction on documentation increase by on standard deviation then recommendation for business increased by 0.401 standard deviation.

Recommended For Business = $b_0 + b_1$ Opinion about Staff + b_2 Satisfaction on Documentation
 = $0.529 + (0.121)$ Opinion about Staff + (0.248) Satisfaction on Documentation

Conclusion

The study found that channel partner has favorable experiences when dealing with XYZ life insurance through the bancassurance channel. There are five core factors that affect channel partners experience in bancassurance: satisfaction on service, opinion about staff, recommendation for business, satisfaction on documentation process, customers overall satisfaction. Recommended for business depends upon opinion about staff and satisfaction on documentation process.

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