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Contemporary Prominent Development of Bancassurance in India

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ABSTRACT

Due to merging of global financial markets, development of new technologies, universalization of banking industries and with the expansion of non banking activities, the insurance industry has globally brought in new channels of distribution into existence. This has given rise to a new form of business wherein two big financial institutions have come together and have integrated all their strength and efforts to generate new means of marketing for encouraging their products and services. When these two join together it gives birth to "BANCASSURANCE".

Bancassurance is the allocation of insurance products through the huge network of banks whereby, banks act as a distribution channel for providing varieties of banking and investment products and services. After the approval of IRDA, today many private and public sector banks have tied up with insurance companies for selling of insurance products. The motive behind bancassurance differs. For banks, it is a source of additional fee based income and helps in product diversification. For insurance companies - a tool for increasing their market penetration and premium turnover and for customers a high quality product at a reduced price delivered at their door steps. So all the three parties involved are benefited here.

This research work focuses on the creativity and innovative side of banks as an efficient tool for selling the insurance products, progress of bancassurance in India, types and various models of bancassurance and also on the benefits and significance of bancassurance in India. The motive behind this study is to review and analyze the development of bancassurance on banks, insurers and also to customers. The regulations leading bancassurance are also shown in this research work.

1. Introduction

The growing global insurance industry has brought new channels of distribution into existence, leading to a new concept. Nowadays banks have started increasing their business to securities and insurance and other sectors by adding new range of products. Bancassurance, one such concept, has gained recognition in the recent years.

Bancassurance means selling of insurance products by banks. In this agreement, insurance companies and banks go through a tie up and thus allowing banks to sell the insurance products to its customers. This is a system in which a bank has a corporate tie up with one insurance company to sell its products. Bancassurance is the allocation of insurance products through the huge network of banks whereby, banks act as a distribution channel for providing varieties of banking and investment products and services. In simple words we can say bancassurance tries to develop synergies between both - insurance companies and banks.

(1) The bank (2) The insurer and (3) the customer.

By selling insurance policies bank earns a revenue stream apart from interest. It is called as fee- based income. This income is purely risk free for the bank since the bank simply plays the role of an agent for sourcing business to the insurance company.

2. Significance of the Study

In the period of transformation of Indian insurance sector, it is of primary importance that one evaluates bancassurance as an intermediary and also as the motivating factors behind the bancassurance tie up. It is also essential to know banks contribution towards the innovative side and also how it is an efficient tool for selling the insurance products. The present study is an effort in the direction to emphasize the on the creativity and innovative side of banks as an efficient tool for selling the insurance products, progress of bancassurance in India, types and various models of bancassurance and also on the benefits and significance of bancassurance in India. The regulations leading bancassurance are also shown in this research work

3. Origin of Bancassurance

The concept of bancassurance was started in France in 1980's and spread across different parts of Continental Europe, USA, and also in Asia, particularly in India. Banks started the process of selling life insurance decades ago and customers found the concept appealing. Bancassurance has seen an incredible growth and recognition globally. Bancassurance has seen an enormous development in Europe especially in United Kingdom. In the US, there were obstacles till lately and banks were not allowed to do insurance business and visa-versa. But it was legalized after the abolishment of Glass-Steagal act and after the passing of the Gramm-Leach Bliley Act 1999. Several countries in Latin America have been benefited from recent reforms like financial deregulations and also by selling insurance products across the counter. In China, banks are limited to playing the role of tide agent to the insurance

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companies which can still provide a good platform for bancassurance to develop. In Hong Kong, when Swiss bank introduced bancassurance, the Life insurance sales went up very high. Japan has to make more efforts for development in bancassurance. In Philippines, banks are permitted to own 100% of the insurance company. Bancassurance is yet to develop in Singapore. Moreover, there is a huge market potential for bancassurance yet to be explored in India and many other countries when compared to the global market scenario.

4. Progress of Bancassurance in India

Bancassurance is the new buzzword in India. It originated in the year 2000, when the Government issued notification under Banking Regulation Act which allowed Indian Banks to do insurance distribution.

Government of India, during its notification dated 3rd August 2000, has accepted insurance as an acceptable form of banking under the Banking Regulations Act 1949. The Reserve Bank of India too has approved bancassurance by allowing banks to offer physical infrastructure to insurance companies within the premises of some selected branches and allowing them to sell their insurance products to the bank's customers. These banks in exchange earn referral fees based on the premium collected.

It started getting more recognition after Insurance Regulatory and Development Authority (IRDA) passed a notification in October 2002 of 'Corporate Agency' regulations. As per the concept of Corporate Agency, banks can act as an agent of one life and one non- life insurer. SBI Life Insurance Co. is the biggest player in bancassurance. Companies like Aviva, MetLife, Birla Sun Life, SBI Life and SBI General Insurance, ICICI-Prudential Life and ICICI Lombard General Insurance, HDFC-Standard Life HDFC Ergo General Insurance, Kotak Life Insurance, Aviva Life Insurance and ING-Vysya Life Insurance etc. have developed bancassurance as an important channel of distribution.

5. Significance of Bancassurance in Indian Financial Sector

1. Banks over the world have now become conscious that offering value added services such as insurance helps to meet client's expectations. Competition in the area of Personal Financial Service is getting influential in India and banks can also maintain customer's loyalty by offering them a complete and exclusive range of products. Therefore, insurance distribution may help the banks to increase the fee based earning to a great extend.
2. Fee based marketing may help the banks to cover up most of their operating expenses and also to improve the levels of staff efficiency in the banks. This may also help to bring higher motivational levels in the banking sector in India.
3. In India the concept of bancassurance is rising speedily both through commission based agents and joint ventures between banks and insurance companies. Due to the vast network of Indian banks, it can easily reach out to the general public.
4. Banks can put in their efforts in trying to capture the small commission customers that insurance agents tend to avoid. Bank's entry in insurance distribution can help to widen bancassurance more rapidly. This may help to popularize insurance as an important financial protection product.
5. Bancassurance helps to lower the distribution cost of the insurers. Purchasing cost of insurance through banks is low. Selling insurance to existing banking customers in the market is cheaper than selling it to a group of unknown customers.
6. Banks have a huge retail customer base. The share of individuals as a category in bank accounts is gradually increasing. Rural and semi urban bank accounts constitute close to 60% in terms of number of accounts, indicating the number of probable lives that could be covered by insurance with the association of banks.
7. Overstaffing problems can be solved without opting for drastic measures of reducing the staff.

6. Types of Bancassurance

Bancassurance is classified in two types:

I. With risk participation.
II. Without risk participation.

A. With Risk Participation

In this type of bancassurance, insurance business is done through a subsidiary of the bank, which may be entirely held by the bank or it may have a certain share in it. This type of bancassurance confirms higher income for the bank, but here the risk is also higher as the claim has to be tolerated by the bank on its own. The Reserve Bank of India has prescribed some regulatory guidelines to be followed by the concerned banks to access a subsidiary for performing bancassurance activities:

1. Capital Adequacy Ratio to be at least 10%
2. Net worth at least Rs. 500 cr.
3. Profit generating in the past three consecutive years
4. Non – performing Assets at reasonable level.

B. Without Risk Participation

Here the bank acts as an agent of the insurance company. The bank earns a fee income for mobilizing insurance business. Banks earn insignificant incomes and the claims borne by the bank are passed onto the insurance company. They are of three types: (a) Referral arrangements. (b) Deposit linked/Advance linked insurance products. (c) Corporate agency of insurance products.

a. Referral arrangements

Banks have a very insignificant role in this type of bancassurance, therefore the returns are also very less. The employees of the insurance companies take assistance from the bankers for selling their products to the bank customers. The bank offers the insurance company premises in exchange for commission on business.

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b. **Deposit linked/advanced linked insurance products**
These products are directly linked to the bank's deposit or credit products. Customers gain by getting value addition in the banking products while for the banks this proves to be helpful in organizing low cost deposits or making their loans secure.

c. **Corporate agency of insurance products**
In this model, the bank may become a corporate agent of one life and one general insurance company as per IRDA guidelines. Then certain selected employees are provided with insurance training as specified by IRDA and after meeting the requirements of IRDA exams they become capable of being insurance agents for selling insurance products.

7. Various Models for Bancassurance

Various models are used by banks for bancassurance:

a. **Strategic Alliance Model:** Under this model, there is a tie-up between a bank and an insurance company. The banks only market the products of the insurance company. Except for marketing the products, no other insurance functions are carried out by the bank
b. **Full Integration Model:** This model brings about a full integration of banking and insurance services. The bank sells the insurance products under its brand acting as a provider for financial solutions matching customer needs. Bank controls sales and insurer service levels including approach to claims. Under such an arrangement the bank has an additional core activity almost similar to that of an insurance company.
c. **Mixed Models:** Under this model, the marketing is done by the insurer's staff and the bank is responsible for generating leads only. In other words, the database of the bank is sold to the insurance company. The approach requires very little technical investment.

8. The Reserve Bank of India (RBI) Guidelines for Banks Entry into Insurance Sector

The Reserve Bank of India has prescribed some regulatory guidelines to be followed by the concerned banks for performing bancassurance activities:

1. Capital Adequacy Ratio to be at least 10%
2. Net worth at least Rs. 500 cr.
3. Profit generating in the past three consecutive years
4. Non – performing Assets at reasonable level.
5. Any commercial bank will be allowed to undertake insurance business as agent of insurance companies. This will be on a fee basis without any risk participation.
6. For banks which are not eligible for this joint venture option, an investment option of upto 10% of the net worth of the bank or Rs. 50 crore whichever is lower is available.

9. The Insurance Regulatory And Development Authority (Irda) Guidelines For Bancassurance.

1. Banks should have a minimum paid up capital of Rs.100 Crores.
2. Each bank that sells insurance must have a chief insurance executive to handle all the insurance activities.
3. All the people involved in selling should undergo mandatory training at an institute accredited by IRDA and pass the examination conducted by the authority.
4. Commercial banks may become corporate agents for one insurance company.
5. Banks cannot become insurance brokers. They can act as a corporate agent for one life or non life insurers.

10. Benefits of Bancassurance to Banks, Insurance Companies And Customers:

Bancassurance as a medium makes use of a variety of distribution channels like salaried agents, bank employees, and brokerage firms. Bancassurance is beneficial to the customer in its natural and traditional way. It provides a variety of products and services at one place, where a customer can apply for mortgages, pensions, savings and insurance products. The customer gains from both sides i.e. banks and insurance companies as costs get reduced. So, bancassurance proves to be top prize for the customers as they get a high quality product, at a lower price, delivered at their doorsteps.

Following are the benefits of bancassurance to banks, insurance companies and customers:

A. From the Banks Point of View

Banks enjoy the following advantages:

1. Banks has a strong brand name which can help to make a loyal customer base.
2. It increases the return on assets (ROA) by creating fee income through the sale of insurance products. This helps the bank to cover most of their operating expenses and also helps to raise the efficiency levels of staff.
3. The productivity of the employees increases due to bancassurance.
4. Banks have extensive experience in marketing to both existing customers and non customers. They can easily attract more customers by making use of various technologies such as e-banking, statement inserts, direct mail, ATMS, telemarketing etc.
5. By providing customers with both the services i.e. banking and insurance under one roof, they can improve overall customer satisfaction resulting in higher customer retention levels.
6. Bancassurance can facilitate banks to collect non fund income which can increase the interest income and also profitability of the banks.
7. Banks can influence on face to face contacts and their knowledge about the financial conditions of customers to sell insurance products.
8. Banks can cross sell insurance products. The concept of cross selling also gives the advantage which will

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help them to improve the efficiency of the banks like, more interactions with the clients, will lead to more overall sales. E.g.: Term insurance products with loans.

B. From the Insurer's Point of View

The benefits to the insurers are equally convincing. Insurance Companies enjoy the following advantages.

1. It has a capacity access to bank's huge customer base which would create a positive motivational influence on the insurance companies. The insurance company can increase their business by taking advantage of the banking distribution channels.
2. It can establish market presence rapidly without the need to build up a network of agents.
3. Helps to reduce their dependence on traditional agents by making use of the different channels owned by banks.
4. It can build up innovative financial products more competently by collaborating with their bank partners
5. Customer database like customer's financial position, spending habits, investment and purchase ability can be used to tailor the products and sell them consequently.
6. Customers have more faith in banks and would willingly take the advice of a banker whom they have been visiting in the past, rather than trusting a new insurance agent. As ICICI Prudential Life CEO and Managing Director Shikha Sharma have said "Maximum contribution from alternative distribution channels comes from the bancassurance route followed by corporate agents and then direct marketing."
7. It can obtain extra capital from banks to improve their solvency and expand business.
8. By reducing their expenses, insurance companies can serve better to customers by providing them with lower premium rates and better risk coverage through product diversification.
9. Insurers can take advantage of the bank's wide network of branches for the distribution of products. The access of bank's branches into the rural areas can be utilized to sell products in those areas also.

Thus, teaming up with a strong bank can help the insurance companies to fund their new business and also to develop and improve public confidence in the customers.

C. From the Customer's Point of View

Customers can get following benefits from bancassurance:

1. It encourages customers of banks to purchase insurance policies and further helps in building better relationship with the bank
2. The people who are unaware of and who are not in reach of insurance policies can take the advantage of the widely distributed networks and better marketing channels of banks.
3. Innovative and better product ranges can be tailored according to the needs of the customers, which otherwise would not have been possible if banks and insurers worked independently.
4. Bancassurance model assists customers in terms of reduced price, diversified products, quality products, in time and doorstep service.
5. Any new insurance product put on the market through bancassurance channel would be accepted well by the customers.
6. Easy access for claims as banks is a regular visiting place for customers.
7. Due to the increase in competition, customers can expect improved premium rates and better quality services from bancassurance as compared to traditional insurance companies.

11. Review of Literature

"Bancassurance in the US", by **Krishnaphani Kesiraju** traces the historical reasons for imposing a restrictive regulatory framework through the enactment of Glass Steagall Act of 1933, and the Bank Holding Companies Act of 1956 and the subsequent changes brought in legislation to dismantle the barriers erected between banks, securities firms and insurance companies by the enactment of Gramm Leach Bliley Act (GLBA) in 1999. The perception of the customer of bancassurance as an unsuitable has been another hurdle for its growth. Given the potential for growth, and the search of bankers for supplemental sources of revenues in the prevailing regime of diminishing margins from traditional sources, the author concludes on an optimistic note on the future of bancassurance in the US.

"Finance minister sets up panel to develop bancassurance". Jan 17, 2003, Economic Times, Mumbai:"The Finance Ministry has constituted a committee comprising regulators, bankers and insurers to evolve a suitable model of bancassurance for effective distribution of insurance products through the network of bank branches. The panel has also been asked to suggest administrative measures which will encourage banks to take up distribution of insurance products, particularly in the unorganized and rural sector."

"**Bajaj Allianz, Shamrao Vithal in bancassurance partnership".** Feb 3, 2004, Economic Times, Mumbai:" Bajaj Allianz General Insurance has signed up with Shamrao Vithal Cooperative Bank as its 10th bancassurance partner."Of our premium income of Rs 363 crore, over Rs 21 crore has come from bancassurance," said Kamesh Goyal, MD, Bajaj Allianz. Shamrao Vithal plans to train one employee in each of its 38 branches to sell insurance. Deepak Patil, CEO at Shamrao Vithal said the bank had funded assets over Rs 2,000 crore and would try to sell them policies from Bajaj Allianz."

"New trends in World Bancassurance", by **Corinne Legrand** brings out the bancassurance business models operating across the world, namely integrated, non integrated and open architecture types. The author analyses the strengths and the weaknesses of each of the various bancassurance business models in operation and also does an analysis on the cost structures in European bancassurance. It is further stated that business models tend to make an impact all aspects of the bancassurance activity including the company structure, sales

& marketing, product design, and sales remuneration. The author argues that the choice of a business model is influenced by regulatory constraints and that the cost advantages are particularly significant in the more integrated models.

"Bancassurance Concept, Framework and Implementation" by **Vineet Aggarwal,** discusses the insurance and banking industry in India. He analyzes the concept of bancassurance, benefits to the concerned players and the rationale behind the concept. He takes a brief look at the global experiences and the lessons for India. He analyses the various entry routes for the prospective players and also describes the identification process for a bancassurance partner based on CAMEL model. The author proposes an ideal business model for bancassurance. He further discusses the possible bottlenecks and key success factors for bancassurance in India.

"Bancassurance: Challenges and Opportunities in India", **Rachana Parihar,** the author, brings out as to how bancassurance will be beneficial to banks, insurers and customers. The author takes a bird's eye view of the global scenario of bancassurance. He discusses the distribution channels and the cultural issue involved in distribution and presents the challenges and opportunities of bancassurance in India.

This article has a value addition "Bancassurance – Indian Scenario" by **Sharath Jutur**. The author argues that bancassurance in India is still in its nascent stage and has to go a long way overcoming many challenges along the way.

"Europe and Bancassurance: A Work in Progress", by **Richard Reed** explains the differences between one European Country (EU) and another on the success of bancassurance as a distribution channel for life insurance products. The author identifies the broad factors that act as business drivers from country to country and discusses the critical success factors for bancassurance models. It is further stated that bancassurance is forecast to gain market share across Europe, even in countries such as Spain, where it already dominates the market.

"Bancassurance in India – An Emerging Concept", by **V.V Ravi Kumar** highlights the increasing importance of cross selling in financial services sector. Banks are also inclined to leverage their vast distribution networks to augment their non-interest income. Bancassurance with its origins in France is also an important component of such an effort in view of the added thrust on retail. With only about a quarter of the insurable population covered under insurance, insurers see a great potential in bancassurance as it offers them a readymade distribution

12.1 Tie-Up Of Banks With Life Insurance Companies:

LIFE INSURANCE COMPANY	BANKING PARTNER
HDFC	Standard Union Bank of India, Indian Bank, HDFC Bank, Bank of Baroda, Saraswat Bank
ICICI Prudentials	Federal Bank, ICICI Bank, Bank of India, Punjab & Maharashtra Cooperative Bank, Allahabad Bank, South Indian Bank, Citibank, Lord Krishna Bank, Goa State Co-operative Bank, Indore Paraspar Sahakari Bank, Manipal State Co-operative Bank and Jalgaon People's Co-operative Bank, Shamrao Vithal Co-operative Bank.
Birla Sunlife	Citibank, Deutsche Bank, IDBI Bank, Development Credit Bank, Bank of Rajasthan, Bank Muscat, Catholic Syrian Bank Ltd, Andhra Bank, Karur Vysya Bank Ltd
Tata AIG	HSBC, Citibank, IDBI Bank, Union Bank of India
SBI Life	SBI , BNP Paribas
ING Vysya Life Insurance	Vysya Bank, Bharat Overseas Bank
Allianz bajaj	Standard Chartered Bank, Syndicate Bank
Metlife	Dhanalakshmi Bank , J&K Bank, Karnataka Bank, UTI Bank
Aviva	ABN Amro, American Express, Canara Bank, Lakshmi Vilas Bank
LIC	Corporation Bank, Oriental Bank of Commerce, recently signed MoU with Nedungadi Bank, Central Bank of India, Indian Overseas Bank, and Bank of Punjab, Vijaya Bank, Centurian Bank, The City Union Bank Ltd, Repco Bank

12.2 Tie-Up of Banks with General Insurance Companies

GENERAL INSURANCE COMPANY	BANKING PARTNER
Bajaj Allianz	Bank of Punjab, Bank of Rajasthan, Jammu & Kashmir Bank, Karur Vysya Bank, Lord Krishna Bank, Punjab & Sind Bank, Shamrao Vithal Co-operative Bank, Karnataka Bank, Deutsche Bank, United Bank of India, HDFC Bank, Yes Bank.
Royal Sun Alliance	Citibank, ABN Amro, Standard Chartered, American Express, Repco Bank, SBI-GE, Karur-based Lakshmi Vilas Bank.

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Tata AIG	HSBC, IDBI, Union Bank of India.
ICICI Lombard	ICICI Bank, Centurion Bank.
Reliance General Insurance	Development Credit Bank, UCO Bank.
United India Insurance Ltd.	Punjab National Bank; Andhra Bank, Dhanalakshmi Bank, Indian Bank, South India Bank, Federal Bank, Syndicate Bank.
The New India Assurance Co.	Union Bank of India, SBI, Corporation Bank, Catholic Syrian Bank and United Western Bank.
The Oriental Insurance Company Ltd.	Department of Posts, Oriental Bank of Commerce, State Bank of Saurashtra
National Insurance Co.	Allahabad Bank, Bank of India, Vijiya Bank.

** Information updated from newspaper sources and websites of the respective banks and insurance companies*

12. Objectives of the Study

In view of the above introductory remarks, the following have been laid down as the specific objectives of the study.

1. To examine the recent trends and the present scenario of bancassurance business in India.
2. To analyze the impact of bancassurance on -- banks, insurers, customers, employees, government policy and regulations and also to general public.
3. To analyze whether bancassurance increases productivity of the banks
4. To observe the awareness of bancassurance among the customers and whether they purchase insurance policy from the banks or not.
5. To consider future bancassurance in India.

13. Selection of Samples

To study the need of bancassurance, the researcher felt the need to conduct a survey analysis among the customers as well as the bank employees of eight different banks in the Vadodara district. The banks which have been selected as simple random samples for this purpose are:

1. Andhra Bank has a tie-up with IndiaFirst Life Insurance Company under bancassurance business.
2. Canara Bank has tie-up with Canara HSBC OBC Life Insurance Co for life insurance business and with M/s United India Insurance Company Ltd (UIICL) for General Insurance business.
3. Corporation Bank has tie-up with Life Insurance Corporation of India and New India Assurance Co. Ltd. for General Insurance business
4. HDFC Bank has a joint venture named HDFC Standard Life Insurance Co. Ltd. and HDFC Ergo General Insurance Co. Ltd.
5. ICICI Bank has subsidiary named ICICI Prudential Life Insurance Co. Ltd. and ICICI Lombard General Insurance Co. Ltd.
6. IDBI Bank has tie-up with IDBI Federal Life Insurance Co. Ltd and Bajaj Allianz General Insurance Co. Ltd.
7. Oriental Bank of Commerce has tie-up with Canara HSBC OBC Life Insurance Co. Ltd. and for general insurance products through Oriental Insurance Co. Ltd.
8. State Bank of India has subsidiary named SBI Life Insurance Co. Ltd. and SBI General Insurance Co. Ltd.

14. Analysis and Interpretation of Primary Data Collected

15.1 Analysis of Responses on Questionnaires from Customers of the Banks:

15.1.1 Respondent's profile.

Gender	**Number**	**Percentage**
Male Female	60 55	52% 48%
TOTAL	115	100%
Age: 21-30 31-40 41-50 51-60 60 above	 23 30 32 16 14	 20% 26% 28% 14% 12%
TOTAL	115	100%
Education: School level Graduates Post graduates Doctorates Others	 4 58 37 2 14	 3% 51% 33% 1% 12%
TOTAL	115	100%
Annual Income: 2-4 lakhs 4-6 lakhs 6-8 lakhs 8-10 lakhs 10 lakhs above	 19 32 26 20 18	 17% 27% 23% 17% 16%
TOTAL	115	100%

15.1.2 Awareness of bancassurance among the customers.

Awareness	**Yes**	**No**	**Total**
No of users/Total no.	69	46	115
Percentage	60%	40%	100%

Among those who were surveyed, 60% of the respondents were aware that their banks provide bancassurance. They knew with which insurance company their banks have tie-ups. Also they were aware about various policies provided by their banks. However, 40% of the respondents were amused with the term bancassurance and didn't know anything about it and the services provided by the banks.

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15.1.3 Choice of distribution channels preferred by the customers

Distribution channel	Agents	Insurance companies	Banks	Brokers	Total
No of users/ respondents	56	28	24	7	115
Percentage	49%	24%	21%	6%	100%

From the above table it is observed that 49% customers preferred agents because they provide personalized services. 24% took insurance from companies because of their trust on the company. 21% said they would buy insurance from banks because of the brands name and their trust on banks. Only 6% said that they would buy insurance from brokers.

15.1.4 Reasons for buying insurance products from banks instead of agents.

Reasons for taking Insurance from banks	Number	Percentage
Personal relationship	18	16%
Trust	16	14%
Convenience	15	13%
Communication	19	16%
Financial soundness	16	14%
Expertise	9	8%
Service quality	22	19%

From the above table it is clearly known that there are ranges of reasons for the customers for buying insurance products from banks instead of agents. 16% of the respondents are taking insurance from their respective banks due to the personal relationship, 14% of them voted that due to the trust factor they indulge in buying insurance products from the banks. While 13% took insurance because of the convenience factor, 19% preferred to buy the product due to good communication, 14% said they would buy insurance from banks because of financial soundness, 8% due to expertise, 19% because they provide tailored service quality

15.1.5 Types of insurance products taken from the banks by the customers.

Types of insurance products	Number	Percentage
Vehicle insurance	115	100%
Life insurance	90	78%
Health insurance	82	71%
Pension insurance	26	23%
Unit linked insurance	82	71%

*Note: Multiple Responses.

It has been observed from the above table that almost all the customers are availing insurance products from the banks. The highest usage rates are for vehicle and life insurance products. This could be one of the facts that vehicle insurance is a chief requirement in India and life insurance offers both security cover as well as tax benefits.

15.1.6 Insurance policy purchased by the customers from their banks.

Insurance policy taken from the banks	Yes	No	Total
No of users/Total no.	64	51	115
Percentage	56%	44%	100%

Among the respondents who were surveyed, there were only 56% people who had taken insurance policy from their respective banks. Remaining 44% respondents did not opt to take a policy from their banks.

15.1.7 Types of banks that would excel in bancassurance.

Types of banks	Number	Percentage
Public banks	48	38%
Private banks	104	90%
Foreign banks	81	70%

*Note: Multiple Responses.

We can infer from the survey that 90% respondents said that private sector banks would excel in bancassurance because of their powerful selling policies and they provide quality services to the customers. 70% votes were given to foreign banks because they have proper management and aggressive selling strategies. The public sector banks were given the least votes i.e. 38% because of their laid back attitude towards their work.

15.1.8 Future of bancassurance in India.

Future of bancassurance in India	Yes	No	Total
No of users/Total no.	104	11	115
Percentage	90%	10%	100%

From the above findings, 90% of the respondents said that they believe that bancassurance has a very bright future because there is an immense potential for the insurance industry in India. But 10% believe that due to the emergence of the new technology the visits in the branches are going to be less because of ATM's and e-banking. So there is not much scope for it.

15.2 Analysis of Responses on Questionnaires from Employees of the Banks

This questionnaire has been filled by 30 employees working in eight different banks. The collected data from such survey has been put in pie-charts and bar graphs which have been produced by using the tabulated data, have been incorporated at appropriate places in the analytical interpretative text which has been drawn below.

Questionnaires	Yes	%	No	%	Total
Banks involvement in the activity of bancassurance	22	73.3%	8	26.7%	30
Training given to the bank employees	11	36.4%	19	63.6%	30
Diversification of revenues	24	80.0%	4	20.0%	30
Increases the customers loyalty of the banks	27	90.0%	3	10.0%	30

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Increases the other total income of the banks	21	70.0%	9	30.0%	30
Increases productivity of the banks	24	80.0%	6	20.0%	30
Enriches the work content of the banks	25	82.0%	5	18.0%	30

15. Testing of Hypothesis: Framing

1. H0 : Majority of the people are not aware of bancassurance as a product.
   Majority of people are not aware of bancassurance as a product is rejected because 60% of the respondents are aware of bancassurance. Hence, H1 is accepted.

2. H0 : Customers do not purchase insurance policy from the banks.
   Customers do not purchase insurance policy from bank is rejected as 56% of respondents have purchased insurance policy from their respective banks.

As per Chi square (x^2) test, table value is less than calculated value i.e.

T.V < C.V

5.348 < 19.235

Therefore H0 is rejected. Customers are purchasing insurance products from the banks. Hence, H1 is accepted

16. Conclusion

The concept of bancassurance in India is still in its emerging stage. But an incredible potential reveals that bancassurance in India has a very bright future. Bancassurance provides various advantages to banks, insurers and the customers The success of bancassurance would mostly depend on how well insurers and banks understand each other's business. Recently various innovations have taken place in the insurance sector to suit and satisfy the growing needs of various customers. So, there is every reason to be optimistic that bancassurance in India will play a long inning.

I have covered some of the private and public banks. Co-operative and foreign banks are not covered under this study. There is definitely scope for further study on bancassurance in co-operative and foreign sector banks. Moreover, I have undertaken this research covering only eight selected banks in Vadodara district. Therefore there is scope of further study.

I strongly feel that though bancassurance is not being utilized to its fullest, it surely has a bright future ahead. India is at the threshold of a significant change in the way insurance is perceived in the country. Bancassurance will positively play a significant role as an alternative distribution channel and will transform the way insurance is sold in India.

In a nutshell it can be said that, a lot of facts could be generated from this study. A mine of information could be elicited from this coverage, though many constraints and difficulties were faced, but having had just a simple idea about bancassurance, a detailed research in this topic helped to find how important bancassurance can be for bankers, insurers as well as the customers

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