*Bulletin of Pure and Applied Sciences*
*Zoology (Animal Science), Vol.43B, No.2S,*
*July-December 2024: P. 344-362*

*Print version ISSN 0970-0765*
*Online version ISSN 2320-3188*

*Original Research Article*
*Content Available online at: www.bpasjournals.com*

# A STUDY ON CUSTOMER SATISFACTION OF BANCASSURANCE IN ANDHRAPRADESH

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## 1. INTRODUCTION

The business sector has made some significant gains in productivity and efficiency, but a new challenge has emerged. There has been a significant drop in productivity and efficiency and the banking sector's profitability. The quality of the loan portfolio has deteriorated, thereby hampering bank income generation and supporting capital funds. As a result of little capital and lack of loan loss provisions, depositorsand investors confidence has been undermined. So, the Government of India established the Narasimham Committee to investigate the financial system's issues and offer possible solutions in the year 1991 (Uppal & Kaur, 2006). Previously highly regimented and over bureaucratic banking systems have undergone a complete transformation into market-driven and highly competitive ones due to the acceptance of the Narasimham Committee recommendations by the government.The biggest development was the introduction of private sector banks in India.The goal was to make the Indian financial sector more efficient, productive, and profitable. Overall monetary policy framework, strengthened financial institutions, and integrated financial system to attract capital and current technology are among the recommendations (Rajneesh De and Padmanabhan,2002).

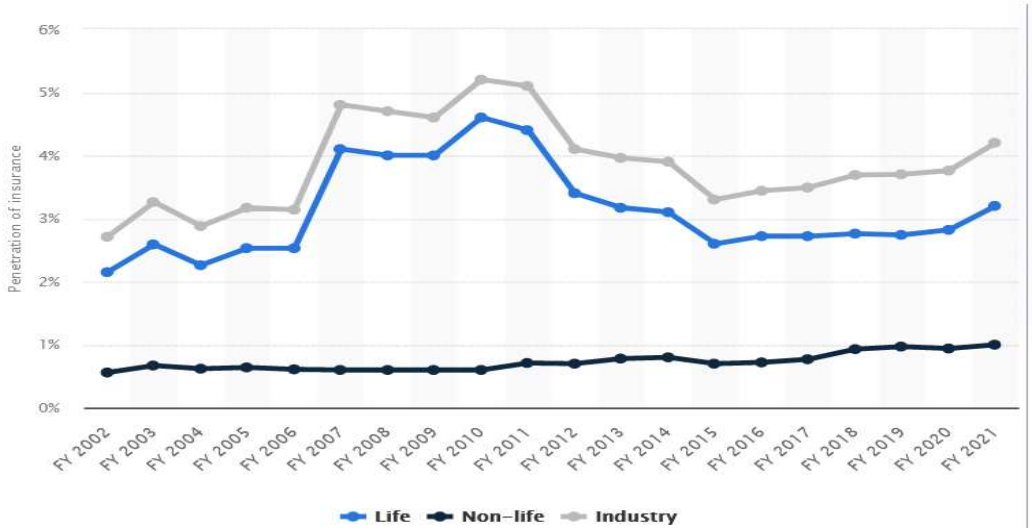
Before 2000, the life insurance business in India was almost entirely carried out by the public sector (Thomson Maria, & Summer,2002). With the financial reforms that took place in the insurance industry and the recent opening up of this sector, every private entity got into the insurance company, and competition is fierce. Many foreign insurance companies set up joint ventures with equity participation in the local enterprises as high as 26 percent in the life insurance sector. Approximately Rs.8.7 billion came in from these companies through foreign investments, which in addition to having 26 percent of their capital supplied by foreign investors, provides the requisite percentage.

Of the total new policies published, the proportions issued by the private sector increased, while the proportion issued by the public sector decreased. This implied an increased preference towards the private sector insurers. Except for big cities and metro areas, the present insurance market is mostly focused in and around the towns with only a substantial minority of rural areas and those in the unorganized urban sector still unaddressed.

Insurance in India, which made up less than one percent of the global insurance industry in 2005, has been largely abandoned by customers and policyholders. India's insurance business was predicted to increase quickly in the coming decade, according to previous assessments. International standards indicate that India is behind in terms of the insurance penetration ratio, which is defined as the ratio of insurance premium to GDP.

**Diagram No. 1.1**

**Penetration of life and non-life insurance as ratio of GDP in India (2002-2021)**




Source: https://www.statista.com/statistics/655395/life-and-non-life-insurance-penetration-india/

Chart 1.1 gives the penetration of Life, Non-life insurance and cumulative for the period of 2002-2021. By the end of March 2016, penetration was about 3.4 per cent. Because of the penetration mentioned above, nearly the whole population is uninsured in a country with more than a billion people. In particular, this holds in rural and semi-urban areas (IRDA, 2016):

India's share in global insurance market was 1.69 per cent during 2019 (1.58 per cent in 2018). However, during 2019, the total insurance premium (Life and Non-Life) in India increased by 9.21 per cent (6.9 per cent inflation adjusted real growth) whereas global total insurance premium increased by 2.34 per cent (2.9 per cent inflation adjusted real growth) (source: Swiss Re, Sigma No. 4/2020). Globally, the share of life insurance business in total premium was 46.34 per cent during 2019.

In life insurance business, India is ranked 10 among the 88 countries, for which data is published by Swiss Re. India's share in global life insurance market was 2.73 per cent during 2019. However, during 2019, the life insurance premium in India increased by 9.63 per cent (7.30 per cent inflation adjusted real growth) when global life insurance premium increased by 1.18 per cent (2.20 per cent inflation adjusted real growth).

## 2. REVIEW OF LITERATURE

**Rose and Smith (1995)** investigated extension of the BHCs to the limited number of insurance lines authorized from 1974 to 1990 and found that banks had positive, especially after 1982, anomalous rates. Most bank loans were financed by a short floating rate of deposits because of legal division of bank and insurance firms while life insurance companies acquired funding from long-term fixed-rate insurance contracts. Theoretical study on the maturity of the debt structure had proposed a link from the demand (or corporate) side of the credit industry between information difficulties and the decisions on loan maturity for companies (Barclay and Smith (1995).

**Genetay and Molyneux (1998)** present an outline of Bancassurance and its historic roots in

Europe from the 1800s. (2) banks expanded to savings insurance products after 1980, including endowment contracts in France, which have paid a lump sum at a future time and (3) banks have made considerable progress in tradition in the 90s; (1) banks sold closely related insurance products, such as consumer loans, home property and theft insurance, before the 1980s; and (2) banks have made significant progress in the tradition.

Research by **Boyd and Graham (1998)** looked at the benefits and costs of bank and insurance combinations. Most research have simulated fusions and in general found that banking coverage tends to reduce profits volatility, stock return variance and the probability of failure. Fusion was simulated between US bank holding companies and different types of non-bank financial services enterprises. They discovered that combinations of banking and insurance tended to lower risk whereas bank securities or immobilization combinations increased the

**Mintel International Group Ltd (2003)** has tried to examine the operation of the New High Street Banking Model. The report seeks to identify why banks and insurance companies have been motivated to embrace Bancassurance methods. Many investigations focus on the impact of retail banks on the distribution of life and pension products. The capacity and advantages of banks in the manufacturing, delivery and distribution of various items have been studied by Mintel. The paper also addresses the primary problems and constraints in attracting new companies and transferring them from more traditional channels and suppliers. The Europe and UK markets are the focus.

**Pradhan Satyaswaroop (2003)** According to Satyaswaroop Pradhan, growth in the banking sector has been one of the most significant advances of the last few years in the financial services sector. There are four sorts of business models of Bancassurance on the worldwide side: distribution alliance between the insurance firm and the bank; joint venture between the two; fusion of banks and insurers and banks; building or buying insured products of its own. Most banking operations fit under the first model. According to the current regulatory framework in India, one bank can link just one lifetime and one non-life insurance, but insurers can link with several banks.

**Dr. Ashish Srivastava (2003)** has written an article on Bancassurance difficulties and prospects in India28. The author demonstrates the advantages of bank insurance and approaches that are appropriate in India. Innovative and personalized products are vital to India's banking success. The author considers that the success of Bancassurance rests mostly on consumer reactions, insurer's capacity to understand each other's businesses to bridge differences and embrace emerging chances.

## 3. Need for the study

Bancassurance in India increased to 56% from 27% between 2011 and 2019.In the financial year 2022, Bancassurance remained the most prominent distribution channel for life insurance companies, with a share of 55 percent. This share has remained consistent in the past five financial years. Over time, Bancassurance has proved to be effective and profitable for insurance companies because of the reach of banks across the country. With a 23 percent share, the agency was the second preferred channel.Despite the increasing importance of Bancassurance, there is little or no direct empirical data available on the potential benefits of the Bancassurance model(s) for distribution of insurance practiced at India and the related sources of those benefits. There is a need to study the nitty gritty of the bancassurance business

in India to understand the present state of affairs as well as challenges and opportunities both from the banker's and customer's viewpoint.

## 4. Research methodology

An extensive review of literature available on bancassurance it is found that studies in the area of Bankers attitude to deal with bancassurance were sparing and more so in Indian context. There are many studies focusing on the opportunities, challenges and regulatory issues as well as bank performance after introduction of bancassurance business but not much is done to understand the Banker's perspective and the customer's preference. There is a dearth of research studies on this aspect in Indian context even after two decades of its existence. The present is a humble effort to bridge this gap and tries to understand the Banker's perceptions, attitude and operational issues of bancassurance as an augmented service aimed to generate additional profits and also aims to identify the differences among the Public and Private sector bankers.

### 4.1Objectives of the study

The following are the specific objectives of the present study;

1. To examine the customer acceptance of bancassurance
2. To evaluate the customer's preferences and satisfaction of the bancassurance services
3. To compare the public and private sector banker's attitude towards bancassurance

### 4.2 Hypotheses of the study

In order to achieve the above objectives of the study, the following hypothesis are framed**.**

$H0_1$:There is no significant association between the demographics and customer preference of bancassurance channel

H02:There is no significant difference in satisfaction among the customers of public-sector and private sector banks.

### 4.3 Sampling procedure

Scope of this study is confined to the state of Andhra Pradesh which consists of 13 districts. bank customers who availed insurance from banks located in all the 13 districts form the universe for opinion survey.

Since the intention is to give equal weightage to both private and public sector banks, top two banks from both the sectors are selected. State Bank of India and Andhra Bank are the two most popular PSBs in the state of Andhra Pradesh in terms of size and branch network. Similarly, HDFC Bank, and ICICI Bank are the top banks from private sector who captured a major share of the market in terms of deposits and loans.

### 4.4 Sample Size Determination

The population happens to be infinite, and then our sample size will be as under:

$$N = \frac{z2 * p * q}{e2}$$

Source: CR. Kothari (1990)

To arrive at the final sample size (customers) required for the study, the above formula proposed by CR. Kothari (1990) was applied. The properties in the formula were set up and

estimated values are given below

1. Chi-Square or Z score (χ/Z) = 1.96 (95% Confidence)
2. Population Proportion(P) = 0.50
3. Margin of Error (ME) = 0.05

Now the sample size (n) is

$$\frac{(1.96)^2 * 0.5 * 0.5}{(0.05)^2}$$

= 384

## 4.5 Sources of Data

The study is mainly based on primary data. The secondary data is used to supplement the primary data. The main source of primary data is customers and bank managers / officers of selected banks in Andhra Pradesh. The secondary data is gathered from the annual reports, records and documents of banks, bank websites, RBI, IRDI apart from these sources secondary data is also collected from the various sources such as books, journals, websites and published and unpublished dissertations.

### 4.6 Data Collection Procedure

After receiving permission from the manager, the researcher went to the branch and got the approval for the questionnaire to ensure no confidential information is included in the survey. Data was collected from respondents whoever is voluntarily interested in giving response to the questionnaire.

### 4.7Survey Instrument

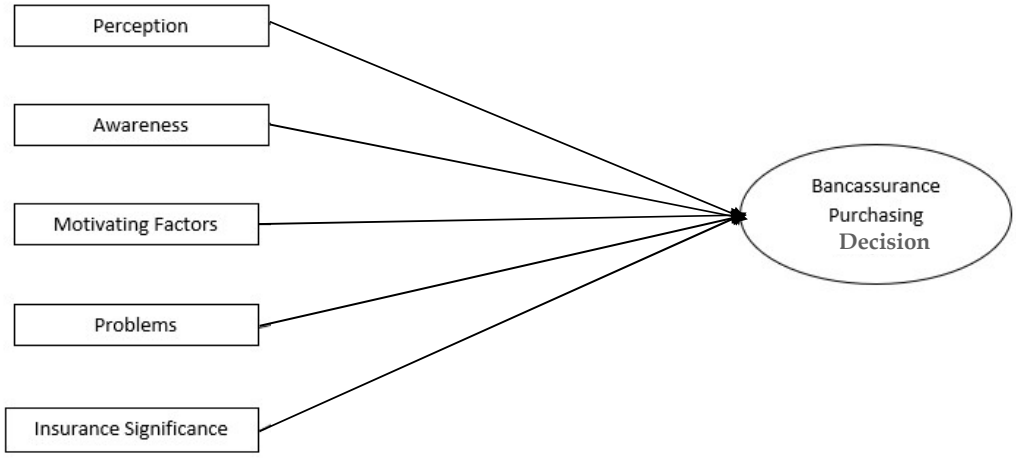
This questionnaire was developed using the attitude measurement scale propounded by psychologist Rensis *Likert.*

**4.8 Conceptual model:** The conceptual framework is developed based on Literature Review. The purpose of conceptual framework understands connections between the various variables in the study.In addition to serving as a link between literature, methodology, and outcomes, a conceptual framework is essential for focusing on the content.

**Diagram No: 4.1**

**Conceptual Model of Causal and Interrelationship between and among PE, AW, MF, PO,**

**IS and BP decision**




*Source: Author's Depiction Conceptual Model (Customers of banks)*

### 4.9Limitations of the Study

The following are the limitations of the study:

- The opportunities and challenges of bancassurance are analysed based on the opinion given customers, which may be relevant at a point of time. Due care is given to remove the bias.
- The present study is conducted by surveying customers only. The insurance companies, which are also a part of bancassurance business, are not surveyed.
- The study is restricted to the state of Andhra Pradesh only.
- The present study is conducted only in four banks i,e, State Bank of India, Andhra Bank, HDFC bank and ICICI bank.

## 5. Data Analysis

### Analysis of Association between the Socio –Economic Factors and Customers Preference of the Bancassurance Channel

### Association between Gender of the Customer and Customers preference of bancassurance

In order to analyse the association between the gender of the customer and customer's preference of bancassurance the following hypotheses have been tested.

**$H0_1$:** "There is no significant association between gender of the customer and customer's preference of bancassurance"

The Chi-square test has been administered to find out the association and the result is presented in the following Table

| Testing Hypothesis | Chi-Square Test | df | P Value | Significant | Result |
|---|---|---|---|---|---|
| | 2.407 | 1 | 0.121 | No Sig | Accepted |

(Source: Author's Computation)

From the above analysis the calculated Chi-Square value is 2.407 with 'P' value of 0.121 which is significant at 5 percent level of significant. Hence, the null hypothesis is accepted.

It is concluded that there is no significant association between the gender of the customer and customer's preference of bancassurance.

**Association between Age of the Customer and Customer preference of bancassurance**

In order to analyse the association between the age of the customer and customer's preference of bancassurance the following hypotheses have been tested.

**$H0_4$**: "There is no significant association between age of the customer and customer's preference of bancassurance"

The Chi-square test has been administered to find out the association and the result is presented the following Table.

| Testing Hypothesis | Chi-Square Test | df | P Value | Significant | Result |
|---|---|---|---|---|---|
| | 1.474 | 3 | 0.688 | No Sig | Accepted |

(Source: Author's Computation)

From the above analysis the calculated Chi-Square value is 1.474 with 'P' value of 0.688 which is significant at 5 percent level of significant. Hence, the null hypothesis is accepted. It is concluded that there is no significant association between the age of the customer and customer's perception of bancassurance.

**Association between Martial Status of the Customer and Customer preference of bancassurance**

In order to analyse the association between the marital status of the customer and customers preference of bancassurance the following hypotheses have been tested.

H01: "There is no significant association between marital status of the customer and customer's preference of bancassurance"

The Chi-square test has been administered to find out the association and the result is presented the following Table.

| Testing Hypothesis | Chi-Square Test | df | P Value | Significant | Result |
|---|---|---|---|---|---|
| | 0.987 | 1 | 0.320 | No Sig | Accepted |

(Source: Author's Computation)

From the above analysis the calculated Chi-Square value is 0.987 with 'P' value of 0.320 which is significant at 5 percent level of significant. Hence, the null hypothesis is accepted. It is concluded that there is no significant association between the marital status of the customer and customer's preference of bancassurance.

**Association between Annual Income of the Customer and Customer** preference **of bancassurance**

In order to analyse the association between the annual income of the customer and customers preference of bancassurance the following hypotheses have been tested.

**$H0_1$:** "There is no significant association between annual income of the customer and customer's preference of bancassurance"

The Chi-square test has been administered to find out the association and the result is presented the following table.

| Testing Hypothesis | Chi-Square Test | df | P Value | Significant | Result |
|---|---|---|---|---|---|
| | 1.166 | 3 | 0.761 | No Sig | Accepted |

Source: Author's Computation

From the above analysis: The calculated Chi-Square value is 1.166 with 'P' value of 0.761 which is significant at 5 percent level of significant. Hence, the null hypothesis is accepted. It is concluded that there is significant association between the annual income of the customer and customers preference of bancassurance.

**Association between Educational Qualification of the Customer and Customers preference of bancassurance**

In order to analyse the association between the educational qualification of the customer and customers preference of bancassurance the following hypotheses have been tested.

**$H0_1$:** "There is no significant association between Educational qualification of customer and customer's preference of bancassurance"

The Chi-square test has been administered to find out the association and the result is presented the following Table.

| Testing Hypothesis | Chi-Square Test | df | P Value | Significant | Result |
|---|---|---|---|---|---|
| | 7.726 | 4 | 0.122 | No Sig | Accepted |

(Source: Author's Computation)

From the above analysis: The calculated Chi-Square value is 7.726 with 'P' value of 0.122 which is significant at 5 percent level of significant. Hence, the null hypothesis is accepted. It is concluded that there is no significant association between the Educational qualification of the customer and customer's preference of bancassurance.

**Association between Occupation of the Customer and Customers preference of bancassurance**

In order to analyse the association between the Occupation of the customer and customer's preference of bancassurance the following hypotheses have been tested.

$H0_41$ "There is no significant association between Occupation of the the customer and customers preference of bancassurance"

The Chi-square test has been administered to find out the association and the result is presented the following

| Testing Hypothesis | Chi-Square Test | df | P Value | Significant | Result |
|---|---|---|---|---|---|
| | 4.707 | 3 | 0.195 | No Sig | Acceped |

Source: Author's Computation

From the above analysis: The calculated Chi-Square value is 4.707 with 'P' value of 0.195 which is significant at 5 percent level of significant. Hence, the null hypothesis is accepted. It is concluded that there is significant association between Occupation of the customer and customer's preference of bancassurance.

**Association between Level of Customer Satisfaction and Bancassurance Service in the Public and Private Sector bank**

In order to analyse the association between the levels of satisfaction of customers about bancassurance service in the public-sector and private sector bank.

**$H0_2$:**There is no significant difference in level of satisfaction of customers about bancassurance service in the public-sector and private sector bank.

The ANOVA test has been administered to find out the association and the result is presented the following Table

**Satisfaction regarding the bancassurance services provided by public and private sector bank**

| Express your level of satisfaction regarding the bancassurance services provided by public and private sector bank | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | N | Mean | Std. Deviation | Std. Error | 95% Confidence Interval for Mean | | Minimum | Maximum |
| | | | | | Lower Bound | Upper Bound | | |
| Public Sector | 300 | 4.5967 | .49139 | .02837 | 4.5408 | 4.6525 | 4.00 | 5.00 |
| Private Sector | 300 | 3.9400 | 1.46637 | .08466 | 3.7734 | 4.1066 | 1.00 | 5.00 |
| Total | 600 | 4.2683 | 1.14098 | .04658 | 4.1769 | 4.3598 | 1.00 | 5.00 |

(Source: Author's Computation)

The above table clearly shows the results also ANOVA reveals that the null hypothesis has been accepted there is no significant association among between the level of satisfaction of customers about bancassurance service in the public-sector and private sector bank. It is also confirmed with 'F'-values and 'p'-value. So, it is concluded that level of customer satisfaction factors differ among bancassurance service in the public-sector and private sector bank.

**ANOVA test**

| **ANOVA** | | | | | |
|---|---|---|---|---|---|
| Express your level of satisfaction regarding the bancassurance services provided by your bank. | | | | | |
| | Sum of Squares | df | Mean Square | F | Sig. |
| Between Groups | 64.682 | 1 | 64.682 | 54.089 | .000 |
| Within Groups | 715.117 | 598 | 1.196 | | |
| Total | 779.798 | 599 | | | |

(Source: Author's Computation)

The above table clearly shows the results also ANOVA reveals that the null hypothesis has been accepted there is no significant association among between the level of satisfaction of customers about bancassurance service in the public-sector and private sector bank. It is also confirmed with 'F'-values and 'p'-value. So, it is concluded that level of customer satisfaction factors differ among bancassurance service in the public-sector and private sector bank.

## 6. Structural model

Structural modeling is a scientific process of estimating different multiple regressions between observed (Manifest variables) and unobserved variables (Latent variables) as model (Hair et al., 2006; Tabachnick & Fidell, 2001). Through this structural model, the hypothesis test about causal connections of multiple variables can be studied scientifically.

**Diagram No: 6.1**

**Structural model of perception, awareness, motivating factors, problems, insurance significance, and bancassurance purchasing decision**

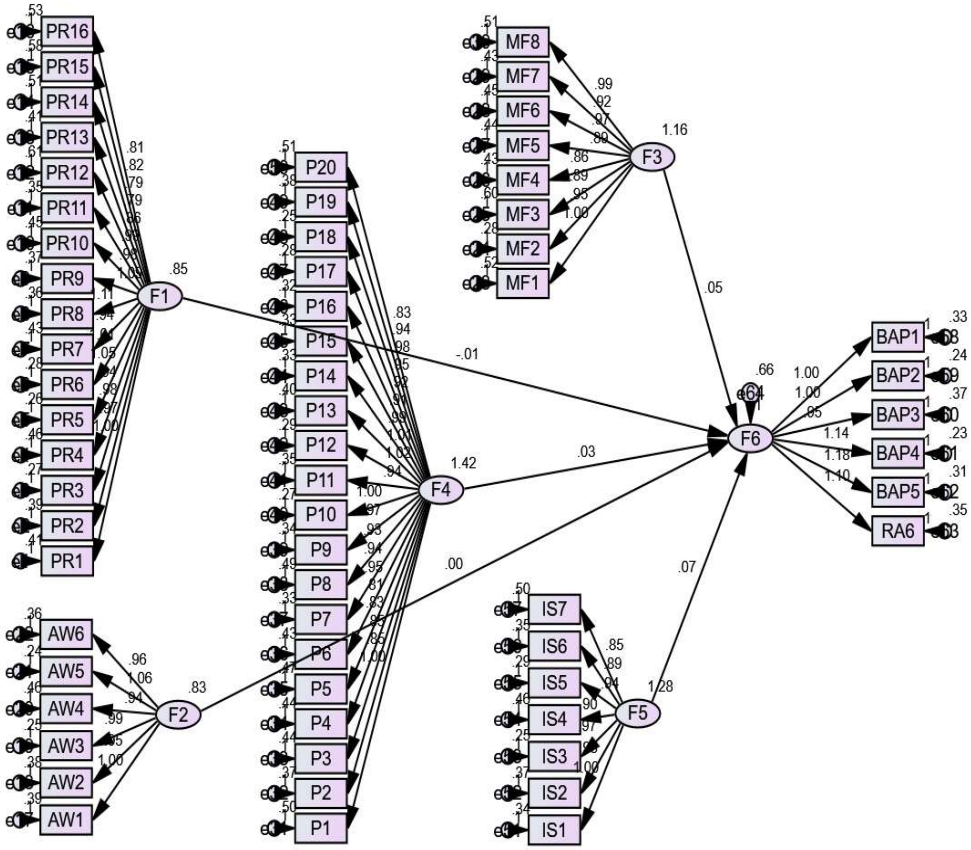



**Table No: 6.1**

**Regression weights**

| Sl. No | Path | | | Estimate | S.E. | C.R. | P |
|---|---|---|---|---|---|---|---|
| 1 | Perception | <--- | Bancassurance Purchasing decision | .85 | .031 | .482 | *** |
| 2 | Awareness | <--- | Bancassurance Purchasing decision | .83 | .050 | .459 | *** |
| 3 | Motivating Factors | <--- | Bancassurance Purchasing decision | .50 | .053 | 17.205 | *** |
| 4 | Problems | <--- | Bancassurance | -.21 | .040 | 1.550 | *** |

| Sl. No | Path | | | Estimate | S.E. | C.R. | P |
|---|---|---|---|---|---|---|---|
| | | | Purchasing decision | | | | |
| 5 | Insurance Significance | <--- | Bancassurance Purchasing decision | .14 | .027 | -1.057 | ***. |

**Table No: 6.2**
**Standardized Regression weights**

| Sl. No. | Path | | | Estimate |
|---|---|---|---|---|
| 1 | Perception | <--- | Bancassurance Purchasing decision | .85 |
| 2 | Awareness | <--- | Bancassurance Purchasing decision | .83 |
| 3 | Motivating Factors | <--- | Bancassurance Purchasing decision | .50 |
| 4 | Problems | <--- | Bancassurance Purchasing decision | -.21 |
| 5 | Insurance Significance | <--- | Bancassurance Purchasing decision | .14 |

**Table No: 5.45**
**Structural Model Fit Indices**

| Sl. No | Fit Index | Accepted Threshold Levels | Achieved Values |
|---|---|---|---|
| 1 | Chi-square/degrees of freedom ($\chi$2/df) | As high as 5.0 (Kline, 1998) | 3.213 |
| 2 | Goodness of Fit (GFI) | >0.90 (Mac Callum& Hong, 1997) | 0.925 |
| 3 | Comparative fit index (CFI) | > 0.90 Hu and Bentler (1999) | 0.916 |
| 4 | Tucker-Lewis index (TLI) | >0.90 Hooper et al., (2008) | 0.943 |
| 5 | Root mean square error of approximation (RMSEA) | < 0.07 (Stiger, 1990) | 0.024 |

The result of structural model movement was shown in above and it was said to be an accepted threshold score of fit indices used for measurement of good fit. Chi-Square and degrees of freedom ratio were checked by following (Kline, 1998) suggested an accepted threshold that would be as maximum as 5.0. For the present structural model, it is 1.913 which is less than 5.0. The goodness of Fit Index (GFI) was measured for model acceptance with a value of above 0.90 (McCallum & Hong, 1997) and it is achieved as 0.905 for the present model. Comparative Fit Index (CFI) score for the model 0.916 that is more than the value of excellent model fit i.e. 0.90 suggested by ( Hu& Bentler, 1999). Tucker- Lewis Fit Index (TLI) is 0.943 which is higher than to the accepted threshold score of 0.90 and this value of TLI is said as a good score for acceptance of model fit. Root Mean Square of Approximation (RMSEA) value of 0.024 is below 0.07 ( Stiger, 1990) .

With the value of fit indexes that are represented in the above information, it could be

scientifically proved that the conceptual model proposed in methodology chapter is perfectly fit and overall structural equation model is accepted in relation to the study variable linear relationship.

**Table No: 6.3**
**Model Path Coefficients**

| Sl. No. | Path | | | Path Coefficient | Sig. | Alternative Hypothesis |
|---|---|---|---|---|---|---|
| 1 | Perception | <--- | Bancassurance Purchasing decision | .85 | *** | Supported |
| 2 | Awareness | <--- | Bancassurance Purchasing decision | .83 | *** | Supported |
| 3 | Motivating Factors | <--- | Bancassurance Purchasing decision | .50 | *** | Supported |
| 4 | Problems | <--- | Bancassurance Purchasing decision | -.21 | *** | Supported |
| 5 | Insurance Significance | <--- | Bancassurance Purchasing decision | .14 | *** | Supported |

### 6.4. Independent Sample t-test (Customers)

By using the Independent Sample t-test in inferential Statistics, it could be easily understood that any statistically significant influence of sector of the bank on different factors that influence the bancassurance business.

**Table No: 5.47**
**Group Statistics**

| | Bank sector | Mean | Std. Deviation | Std. Error Mean |
|---|---|---|---|---|
| Perception | Public Sector | 3.4180 | 1.12338 | .08107 |
| | Private Bank | 3.4432 | 1.11779 | .08067 |
| Motivating Factors | Public Sector | 3.5286 | 1.04988 | .07577 |
| | Private Bank | 3.5286 | 1.02241 | .07379 |
| Problems | Public Sector | 3.7256 | .89681 | .06472 |
| | Private Bank | 3.7432 | .88736 | .06404 |
| Awareness | Public Sector | 4.3941 | 1.06347 | .07675 |
| | Private Bank | 4.2847 | 1.10736 | .07992 |
| Insurance Significance | Public Sector | 3.6429 | .98216 | .07088 |
| | Private Bank | 3.4323 | 1.15221 | .08315 |
| Bancassurance Purchasing decision | Public Sector | 3.9922 | .88706 | .06402 |
| | Private Bank | 3.9948 | .91270 | .06587 |

Group statistics of the independent sample t-test conducted between bank sector (Independent Factor) and perception, awareness, motivating factors, problems, insurance significance, and bancassurance purchasing decision. The represented table above shows the mean value of responses according to the type of bank sector i.e., public and private. Respondents from public sector banks mean response for perception about bancassurance (M public sector= 3.41; Standard Deviation public sector = 1.12) is almost similar to that of private sector bank respondents opinion (M private sector= 3.44; Standard Deviation private sector = 1.11); for the factor i.e., insurance significance, the public bank respondent's responses mean value (M public sector= 3.64; Standard Deviation public sector = 0.98) is also same as that of private sector bank respondent's mean value (M private sector = 3.4; Standard Deviation private sector = 1.15).

**Table No: 6.5**

**Independent Sample t -test**

| | | **Levene's Test for Equality of Variances** | | **t-test for Equality of Means** | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | **F** | **Sig.** | **t** | **df** | **Sig. (2-tailed)** | **Mean Difference** | **Std. Error Difference** | **95% Confidence Interval of the Difference** | |
| | | | | | | | | | **Lower** | **Upper** |
| Perception | Equal variances assumed | .104 | .747 | -.221 | 598 | .825 | -.02526 | .11437 | -.25013 | .19961 |
| | Equal variances not assumed | | | -.221 | 597.990 | .825 | -.02526 | .11437 | -.25013 | .19961 |
| Motivating Factors | Equal variances assumed | .089 | .766 | .000 | 598 | 1.000 | .00000 | .10576 | -.20795 | .20795 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Equal variances not assumed | | | .000 | 597.732 | 1.000 | .00000 | .10576 | -.20795 | .20795 |
| Problems | Equal variances assumed | .062 | .804 | -.193 | 598 | .847 | -.01758 | .09105 | -.19660 | .16144 |
| | Equal variances not assumed | | | -.193 | 597.957 | .847 | -.01758 | .09105 | -.19660 | .16144 |
| Awareness | Equal variances assumed | .945 | .332 | .987 | 598 | .324 | .10938 | .11080 | -.10848 | .32723 |
| | Equal variances not assumed | | | .987 | 597.377 | .324 | .10938 | .11080 | -.10848 | .32723 |
| Insurance Significance | Equal variances assumed | 15.404 | .000 | 1.927 | 598 | .055 | .21057 | .10926 | -.00427 | .42540 |
| | Equal variances not assumed | | | 1.927 | 597.657 | .055 | .21057 | .10926 | -.00429 | .42542 |
| Bancassurance purchasing decision | Equal variances assumed | .367 | .545 | -.028 | 598 | .977 | -.00260 | .09185 | -.18320 | .17800 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Equal variances not assumed | | | -.028 | 597.690 | .977 | -.00260 | .09185 | -.18321 | .17800 |

rom the above table, the test result of the independent sample t-test between the bank sector (Independent factor) and the dependent factors (perception, awareness, motivating factors, problems, insurance significance, and bancassurance purchasing decision). There is no significant mean difference between public or private sector bank respondents and perception of bancassurance (t (382) = -0.221; Sig. P=0.825> 0.05); awareness about bancassurance did not significantly differ according to the sector of the bank i.e., public and private as the result of independent sample t-test result is (t (2, 597) = 0.987; Sig. P=0.324> 0.05) not statistically significant; there is no significant mean difference between the sector of the bank and insurance significance (t (598) = 1.927; Sig. P=0.055> 0.05) and lastly even bancassurance purchasing decision also did not show any statistical mean difference based on bank sector (t (598) = -.028; Sig. P=0.977> 0.05).

**7. Findings on Customer's Data**

- From the structural model analysis, results revealed that customer attitude on bancassurance service acceptance was influenced by perception about bancassurance since the hypothesis "customer *attitude on bancassurance service acceptance is significantly influenced by perception about bancassurance* ($\beta = 0.85$; $p=0.001 < 0.01$) was proved to be true; bancassurance service acceptance was influenced by awareness about bancassurance since the hypothesis "customer *attitude on bancassurance service acceptance is significantly influenced by awareness about bancassurance* ($\beta = 0.83$; $p=0.001 < 0.01$) was proved to be true; bancassurance service acceptance was influenced by motivating factors of bancassurance since the hypothesis "customer *attitude on bancassurance service acceptance is significantly influenced by* motivating factors of *bancassurance* ($\beta = 0.50$; $p=0.001 < 0.01$) was proved to be true; bancassurance service acceptance was influenced by problems associated with bancassurance since the hypothesis "customer *attitude on bancassurance service acceptance is negatively significantly influenced by* problems associated with *bancassurance* ($\beta = -0.21$; $p=0.001 < 0.01$) was proved to be true; and bancassurance service acceptance was influenced by insurance significance since the hypothesis "customer *attitude on bancassurance service acceptance is significantly influenced by* insurance significance ($\beta = 0.14$; $p=0.001 < 0.01$) was proved to be true.
- The result of structural model movement was shown in SEM diagram and it was said to be an accepted threshold score of fit indices used for measurement of good fit. Chi-Square and degrees of freedom ratio were checked by following (Kline, 1998) suggested an accepted threshold that would be as maximum as 5.0. For the present structural model, it is 1.913 which is less than 5.0. The goodness of Fit Index (GFI) was measured for model acceptance with a value of above 0.90 (McCallum

& Hong, 1997) and it is achieved as 0.905 for the present model. Comparative Fit Index (CFI) score for the model 0.916 that is more than the value of excellent model fit i.e. 0.90 suggested by (Hu & Bentler, 1999). Tucker- Lewis Fit Index (TLI) is 0.943 which is higher than to the accepted threshold score of 0.90 and this value of TLI is said as a good score for acceptance of model fit. Root Mean Square of Approximation (RMSEA) value of 0.024 is below 0.07 ( Stiger, 1990) .

**8. Recommendations / Suggestions**

- There is a need to spread awareness among customers about bancassurance and its benefits. The customers have taken insurance policy through banks without their knowledge, and have been compelled to take without knowing the benefit. The bank employees sold the insurance products to the customers without their knowledge when thy availed other services like loan or deposit. Most of these cases have happened in the case of loan, their emergencies and the state of mind which may have been exploited. These should not be happening. Bank employees must explain the various investment opportunities and benefits of bancassurance products.
- Bank employees may be properly trained regarding the various types of insurance products available in the market, their varied benefits and comparative advantages. They must be capable to explain to the customers through life – cycle models where customers maximize their expected utility of life time consumption. This will help bank employees to become more customers friendly.
- Banks should devise policies to offer attractive incentive remuneration packages to bank staffs involved in cross selling of insurance products.
- The bank may improve the efficiency of the bancassurance by giving more emphasis on practices like security; tax considerations, customer interactions (frequent visit), trust and loyalty. The suggested bancassurance efficiency model is integrating knowledge, practice and awareness.
- Training to bank staff should be imparted on every aspect of client soliciting, concluding the sales and servicing the clients for a longer period.
- Since the insurance penetration is very low, the government should take measures for educating the people about the need of insurance for risk mitigation by launching insurance awareness campaign through various print and electronic media. Government can provide special tax benefits to insurance policies taken through bancassurance channel.

**6.3 Conclusion**

Insurance is essentially a client-oriented concept that sells a consumer policy using the right distribution channel. For a few days, agents and banks are two primary distribution sources for insurance products. Development in distribution is changing the shape of the insurance industry. The sensible strategies for the Indian market would be multi-channel distribution and marketing of insurance products. In insurance distribution, alternative channels such as corporate agents, brokers, and banks will play a more significant role. Bancassurance is one such route that offers an enormous supply of unexploited potential. The success of bancassurance rests mainly on how well insurers and banks understand each other.

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