Measuring Customers’ Perception in Bancassurance Channel Using Psychometric Scale

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Abstract: The study attempts to investigate the customers’ perception towards bancassurance channel. Customers’ perception towards bancassurance is studied by considering six attributes, namely, compliance, tangible infrastructure, reliability, responsiveness, assurance, and empathy. The study is based on primary data collected using structured questionnaire from the customers buying life insurance policy of SBI Life through different branches of State Bank of India in Guwahati City of Assam. Cronbach’s alpha is used to test the reliability of the questionnaire. Other statistical tools like Mean, Standard Deviation, Kolmogorov-Smirnov, and Friedman test were used to arrive at suitable conclusion. The study finds that customers have favourable perception regarding reliability, responsiveness, empathy, and assurance of bancassurance channel. Customers perceive that bank’s tangible infrastructure is adequate for providing insurance service and the bank has moderate compliance with insurance related rules and regulations. Favourable customers’ perception towards bancassurance channel is very important as it is expected to bring more customers for the bank.

Keywords: Bancassurance, Banks, Customers’ Perception, Insurance, State Bank of India (SBI), Service quality

JEL Classification: M21, M310, M370

In today’s competitive marketplace, customers’ perceptions are becoming important for gaining sustainable competitive advantage. Measuring customers’ perceptions has become an important tool for evaluating marketing strategies. This is because there is a growing customers’ perception that company’s image and its products affect the buying decision of customers.

In the case of a bank, customers’ perception is formed through its customers’ assessment of the quality of service provided and their satisfaction level with its overall service (Zeithaml & Bitner, 2003). Customers’ perception with respect to a bank means the customers’ overall picture of the bank, including bank’s image, expectations, external influences, service quality, and so forth. All interactions that occur between the customers and the bank will ultimately affect the customers’ view and image of the bank. All that the customers see, hear, and experience are linked together and form their overall perception towards the bank (Aspfors, 2010).

With the advent of financial deregulation and globalization, competition in the banking sector is getting fierce day-by-day. In this dynamic competitive
After liberalization of the insurance business, this model has gained considerable momentum. Bancassurance is a combination of the term “Bank” and “Insurance.” It is a business model that refers to the selling of insurance policies through a bank’s established distribution channels (Aggarwal, 2004). It is the concept of a bank selling insurance plans along with a complete range of banking and investment products and services (Venugopal, 2011). Here, the bank simply plays the role of an intermediary for sourcing business to the insurance company.

In bancassurance model, banks do not only face competition from other banks. Rather, they also face competition from insurance companies and individual insurance agents working under agency channel. In order to survive this cutthroat competition, it is essential for banks to understand their customers’ perception towards bancassurance channel.

Today’s banking customers are more aware and rational in their selection of service provider (Kaur, Sharma, & Kapoor, 2012). Thus, amidst the avenue of substitutes, there is every possibility for customers to opt for competitors. Therefore, it is necessary to identify the factors that attract customers to visit any particular bank to buy an insurance policy. The bank must attempt to address the needs of their clients constantly. This would help a bank generate a competitive advantage over others. It also facilitates a bank to differentiate itself from its competitors. One of the best ways to address customers’ need effectively is by knowing the customers’ perception of the service provided by the bank (Zemke & Woods, 1998). Customers’ perception alone influences overall service quality of a bank (Boulding, Kalra, Staelin, & Zeithaml, 1993). Thus, it would enable the bank to provide and promote effectively those products and services that would be in demand and thereby endure the competition of insurance business.

Through bancassurance channel, bank earns significant non-interest income in the form of commission. This posits bancassurance channel as lucrative model for banks. Hence, exploring customers’ perception of bancassurance channel can be a matter of financial significance for banks.

The rest of the paper is organized as follows: section 2 focuses on measurement of customers’ perception towards bancassurance channel; section 3 discusses the attributes considered for measuring customers’ perception of bancassurance; section 4 depicts objectives of the study; section 5 presents hypothesis considered for the study; section 6 throws light on data and research methodology adopted to carry out the study; section 7 focuses on the analysis and findings; section 8 discusses about the policy implication and conclusion of the study; and lastly, section 9 portrays the scope of future research.

Measurement of Customers’ Perception Towards Bancassurance Channel

There have been numerous studies on measuring the perception of customers. Out of them, a significant number of studies have been done on measuring the customers’ perception especially for banking and insurance industry. Zeithaml, Bitner, and Glemmert (2009) have calculated customers’ perception as the difference between the scores of expected service regarding a particular dimension and perceived service on the same dimension. Customers’ perception towards service quality is difficult to quantify. However, Renganathan, Balachandran, and Govindarajan (2012) were of the opinion that customers’ perception can be measured by ensuring that a service is provided as per customers’ perception and expectation. Dabholkar, Thorpe, and Rentz (1996) proposed that customers’ perceptions are multilayered and comprise of customers’ overall perception of quality (physical attributes, reliability, personal interaction, problem solving, and policy), and other sub-dimension (appearance, convenience).

Bahia and Nantel (2000) proposed a specific scale—Bank Service Quality (BSQ)—for measuring customers’ perception in retail banking. It consists of six dimensions, namely, effectiveness and assurance, access, price, tangibles, service portfolio, and reliability. Aldlaigan and Buttle (2002) have developed and validated a new 21-item scale that describes customers’ perceptions comprising of four dimensions, namely, service system quality, behavioral service quality, service transactional accuracy, and machine service quality. The scale developed by Aldlaigan and Buttle (2002) was based

Popli and Rao (2009) found from their survey that trust, personal relationship, and convenience are the main reasons for buying insurance products from a bank vis-à-vis bancassurance channel. Choudhury and Singh (2015a) and Choudhury, Singh, and Saikia (2016) studied experience of customers with regard to bancassurance channel. Rajan and Gomatheeswaran (2013) have found that customers do not evaluate a bank on the basis of its being public or private; rather, they give importance to how conveniently they get their products/services. Employee and customer perception of service quality are related with each other in retail bank (Clark, 1997).

From the review of literature it has been found that there is lack of studies on customers’ perception towards bancassurance. Many researchers have studied customer’s perception in banking industry and insurance industry. But bancassurance, a business model that combines the features of banking and insurance industry has received little attention. This paper, therefore, focuses on measuring customers’ perception

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in bancassurance channel. Out of various aspects considered for measuring customers’ perception, the most widely used scale of measuring customers’ perception is SERVQUAL. The SERVQUAL scale is used in measuring customer’s perception of service quality in five dimensions: tangibility, reliability, responsiveness, assurance, and empathy.

Along with these five dimensions, this paper considers one more dimension: perception of customers towards compliance by the bank of IRDA norms. China, a country with the fastest growing economy has given much attention on compliance of insurance business in accordance with established rules and regulations. The insurance companies and employees involved in insurance selling must adhere to related laws and regulation (China Insurance Regulatory Commission, 2007). Okediji (1992) studied the extent of compliance of Nigerian Life Insurance industry. World Economic Forum (2015) in their research report mentioned compliance to be a new set of risks for financial institutions. PricewaterhouseCoopers (2014) conducted a survey of state of compliance in insurance industry. It is mentioned in the report that compliance is vital in operational and strategic planning of insurance industry. Kabiru, Oino, and Kuloba (2012) in their study mentioned the importance of finding out challenges faced by insurance companies regarding compliance. In view of these, this study considers customers’ perception towards bancassurance channel regarding tangibility, reliability, responsiveness, assurance, empathy, and compliance.

Attributes Considered for Measuring Customers’ Perception of Bancassurance

For measuring customers’ perception of bancassurance, the present study has considered the following six attributes.

1. **Compliance**: Compliance is a state in which someone or something is in accordance with established guidelines, specifications, or legislation. In insurance industry, the term “compliance” means that organizations involved in insurance service and the employees and marketing staff of the organization shall carry out insurance operation and management behaviours subject to the related laws and regulations, provisions of insurance regulatory organizations, self-discipline rules of the industry, their internal management system, and the ethical code of honesty and good faith (China Insurance Regulatory Commission, 2007). In this present study, the statements considered under compliance dimension are explaining the product benefit as per the norms set by the Insurance Regulatory and Development Authority of India (IRDA) and providing insurance services as per the norms set by IRDA.

2. **Tangible Infrastructure**: It denotes bank’s physical facilities, equipment, and appearance of bank personnel (Parasuraman, Zeithml, & Berry, 1990). In this study, the variables considered under this dimension are up-to-date equipment available in bank, availability of adequate furniture in bank, visually appealing physical facilities of bank, well-dressed sales personnel of bank, Internet facility of bank (Rajasekar & Kumari, 2014), and convenient location of bank’s branch (Siddiqui & Sharma, 2010).

3. **Reliability**: It means the ability of the bank to perform the promised service dependably and accurately (Parasuraman et al., 1990). Choudhury and Singh (2015b) and Rajasekar and Kumari, (2014) considered the following variables to measure reliability of bancassurance channel: keeping accurate records of insurance related transaction, providing services by bank employees at the time they promise to do so, security of transaction in bank, the information provided by the bancassurance channel is accurate, trustworthiness of bank, consistency in behaviour of bank’s staff, consistency in performance of bank’s staff, disclosing customer’s financial information to others, and bank disclosing customer’s personal information to others.

4. **Responsiveness**: It denotes willingness of bank’s employees to help customers and provide prompt service to the customers (Parasuraman et al., 1990). The variables considered under responsiveness dimension are providing prompt service to the customer by the bank’s employees, providing the service that is exactly required by the customer, willingness
of bank’s staff to help the customer, replying any query of the customer related to insurance, and providing insurance related service on favourable terms (Rajasekar & Kumari, 2014; Choudhury & Singh, 2015c).

5. **Assurance:** It is a state of customer feeling free from danger, risk, or doubts including physical safety, financial security, and confidentiality. It involves the factors such as trustworthiness, belief, and honesty (Parasuraman et al., 1990). Under this dimension, the variables considered in this study are: sympathetic approach of bank’s staff, politeness of the sales personnel of bank, knowledge level of the sales personnel of bank, customers feel free to talk about insurance related problems with the sales personnel of bank, and bank personnel giving customers financial advice other than insurance (Siddiqui & Sharma, 2010).

6. **Empathy:** It includes making an effort by the bank’s employees to understand the customer’s individual needs, providing individualized attention to the customers, recognizing the customer when they arrive, and so on (Parasuraman et al., 1990). Under this dimension, the study considers variables like giving individual attention to the customer, bank’s working hours is convenient to all customers, trying to know the actual insurance need of the customer, and gaining confidence of the customer (Rajasekar & Kumari, 2014).

**Objective of the Study**

The study’s objective is to understand and analyze the perception of customers towards bancassurance channel of buying life insurance policy. The paper attempts to study customers’ perception towards bancassurance channel with respect to compliance with the insurance regulation, availability of tangible infrastructure, reliability, responsiveness, assurance, and empathy shown by bancassurance channel.

**Hypothesis of the Study**

From the review of literature discussed, it is evident that customers’ perception with respect to the variables identified in the study can be measured. It is also evident that customers have favourable/positive perception regarding bank as a channel of distribution including that of insurance product for almost all the variables. This has given us the impetus to frame the following null hypothesis:

\[ H_0 : \text{There is no significant difference amongst perception with respect to compliance, tangible infrastructure, reliability, responsiveness, assurance, and empathy of the customers buying life insurance policies from bancassurance channel.} \]

**Research Methods**

**Universe of the Study**

The universe of the study consists of all State Bank of India, Guwahati’s customers who have received life insurance related services from the bank’s 37 branches. Total number of such customers as of 11\textsuperscript{th} March, 2013 was 3,315.

**Sampling Unit and Sample Size**

Using random sampling at 95% confidence level and 5% confidence interval, a sample of 345 customers was obtained. This sampling unit consists of those customers who are registered with Regional Office of SBI Life, Guwahati, irrespective of various branches of State Bank of India in Guwahati.

**Data Collection**

The study is mainly based on primary data. A “structured questionnaire” was used to collect the necessary information relevant for the study. For secondary data, official reports and records, journals, newspapers, and magazines are accessed.

**Development of Questionnaire**

Questionnaire was developed to collect primary data from the bank customers who have bought insurance policy from the bank. The questionnaire was designed to measure the perception of the customers with respect to the dimensions and variables mentioned in this paper. The variables considered to measure a particular attribute were converted into statements and respondents were asked to give their opinion on those statements on a five point scale. Thus, the responses regarding the abovementioned statements
were obtained on a five-point scale ranging from 5 to 1 for each of the selected dimension where 5 denotes very high level of compliance, tangible infrastructure, reliability, responsiveness, assurance, and empathy, respectively; and 1 indicates very low level of compliance, tangible infrastructure, reliability, responsiveness, assurance, and empathy, respectively. The variables identified in the study were converted into affirmative statements that are understandable to the respondents, except a few respondents were asked to provide their opinion ranging from strongly agree to strongly disagree. Some of the questions were in reverse scaling to ensure accuracy of response.

Administration of Questionnaire
A list of 3,315 customers was obtained on 11th March, 2013. Out of these 3,315 numbers of customers, 415 customers were identified by using random table at 95% confidence level and 5% confidence interval. Then, questionnaire was distributed among these 415 customers. Out of this, 350 filled-up questionnaires were returned. After scrutinizing the 350 filled-up questionnaires, five questionnaires were found defective and incomplete. Therefore, these five filled-up questionnaires were rejected. Thus, there were 345 questionnaires filled-up accurately.

Tools for Data Analysis
To investigate the perception of the customers’ towards bancassurance channel, statistical tools like mean, standard deviation, One-Sample Kolmogorov-Smirnov Test, Friedman Test, and post hoc test were used. Cronbach’s alpha is used to test the reliability of scale developed to measure customers’ perception with respect to identified dimensions.

Analysis and Findings

Reliability of the Questionnaire
The reliability of the questionnaire was tested using Cronbach’s Alpha. The result of the test is given in the Table 1.

The coefficients of Cronbach’s Alpha with respect to all the considered dimensions were found to be more than 0.70. A very high value of Cronbach’s Alpha is indicative of very high degree of reliability of scale. It also shows that the items are highly correlated. Cronbach’ Alpha of more than 0.70 is considered to be good measure of reliability of scale (Nunnaly, 1978). It also indicates that the items considered for measuring the latent variable are actually measuring the latent variable.

Measuring Perception of Customers Towards Bancassurance Channel
Perception of the customers towards bancassurance channel is measured with respect to the dimensions like compliance, tangible infrastructure, reliability, responsiveness, assurance, and empathy. It is presented in detail under the following paragraphs:

I. Perception with respect to compliance shown by bancassurance channel

Table 2 consists of two items considered for measuring perception of customers towards compliance of bancassurance channel with the various rules and regulations framed by IRDA. It is evident that customers perceive that there is relatively higher compliance of bank with regards to providing the service as per IRDA norms and the bank compliance

Table 1. Reliability of Questionnaire Using Cronbach’s Alpha

<table>
<thead>
<tr>
<th>Dimension of Customer Perception</th>
<th>Cronbach’s Alpha</th>
<th>Cronbach’s Alpha Based on Standardized Items</th>
<th>No. of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perception of customers towards compliance</td>
<td>0.814</td>
<td>0.836</td>
<td>2</td>
</tr>
<tr>
<td>Perception of customers towards tangible infrastructure</td>
<td>0.780</td>
<td>0.784</td>
<td>6</td>
</tr>
<tr>
<td>Perception of customers towards reliability</td>
<td>0.922</td>
<td>0.935</td>
<td>9</td>
</tr>
<tr>
<td>Perception of customers towards responsiveness</td>
<td>0.930</td>
<td>0.932</td>
<td>5</td>
</tr>
<tr>
<td>Perception of customers towards assurance</td>
<td>0.772</td>
<td>0.805</td>
<td>5</td>
</tr>
<tr>
<td>Perception of customers towards empathy</td>
<td>0.834</td>
<td>0.832</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Authors’ compilation from questionnaire
is relatively low with regard to explaining product benefits as per IRDA norms. It is known that IRDA has set some norms and criteria for providing service and these norms and criteria have to be mentioned in the illustration prepared by the insurance company to explain the product benefit to their customers. Thus, it is assumed that banks are providing these leaflets to their customers.

There is a total of 2 numbers of items in the considered scale. The scale used for the study was a Likert scale. The variables were converted into affirmative statements and respondents were asked to provide their opinion as strongly agree, agree, moderate, disagree, and strongly disagree. For the response of strongly agree, a score of 5 was given. Similarly for the response of agree, moderate, disagree, and strongly disagree, a score of 4, 3, 2, and 1 were given respectively. Thus, for a scale consisting of 2 items, the maximum score possible is 10 (2X5) and minimum score possible is 2 (2X1). The difference in scores is 8 (10–2). It is divided by 5 to demonstrate five different layers of perception regarding compliance. Thus, if 8 is divided by 5, the result is 1.6. Therefore, the first level of customers perception score with respect to compliance is between 2 (minimum possible score) and 3.6 (2+1.6) which is interpreted as very low level of compliance. Similarly, other intervals are calculated to demonstrate different level of customers’ perception with respect to compliance with the insurance regulations. Exhibit 1 is prepared to interpret the total compliance score.

By looking at the scale statistic in Table 3, the mean score is 6.36. It falls under moderate level of compliance. Thus, it can be interpreted that customers of bancassurance perceive that banks have moderate compliance with insurance regulation.

II. Perception with respect to tangible infrastructure of bancassurance channel

Table 4 consists of items relating to availability of tangible infrastructure. It is seen in Table 4 that customers perceive that there is relatively
adequate availability of tangible infrastructure in bank for bancassurance business regarding “up to date equipment” and “adequate furniture.” Customers perceive that tangible infrastructure is relatively weak for bancassurance business with respect to “internet facility” and “convenient location of branch.” Customers’ perception of having relatively weak “internet facility” needs urgent attention from the policy makers as it is very important for efficient customer services and satisfaction of customers (Lin & Chang, 2011; Singh, 2011).

Table 4. Item Statistics Used for Measuring Tangible Infrastructure

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up-to-date equipment</td>
<td>4.12</td>
<td>0.409</td>
</tr>
<tr>
<td>Adequate furniture</td>
<td>4.1</td>
<td>0.478</td>
</tr>
<tr>
<td>Well-dressed sales personnel</td>
<td>4.1</td>
<td>0.424</td>
</tr>
<tr>
<td>Visually appealing physical facilities</td>
<td>4.05</td>
<td>0.5</td>
</tr>
<tr>
<td>Convenient location of branch</td>
<td>4.01</td>
<td>0.417</td>
</tr>
<tr>
<td>Internet facility</td>
<td>3.9</td>
<td>0.487</td>
</tr>
</tbody>
</table>

Source: Authors’ compilation from questionnaire

Table 5. Scale Statistics for Tangible Infrastructure

<table>
<thead>
<tr>
<th>Mean</th>
<th>Variance</th>
<th>Std. Deviation</th>
<th>No. of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>24.28</td>
<td>3.539</td>
<td>1.881</td>
<td>6</td>
</tr>
</tbody>
</table>

Source: Authors’ compilation from questionnaire

As explained in Exhibit 1, an interpretation table is made considering the six items taken for measuring customers’ perception regarding tangible infrastructure and it is presented in Exhibit 2.

By looking at the scale statistic in Table 5, the mean score is 24.28. It falls in the category of adequate infrastructure. Thus, it can be interpreted that customers of bancassurance perceive that the bank has adequate tangible infrastructure to provide bancassurance service. This is expected to provide competitive advantage to bank over agency channel as the availability of tangible infrastructure is low in public sector insurance companies (Vikas, 2011; Rajasekar & Kumari, 2014).

Exhibit 2. Interpretation Table to Interpret Score of Tangible Infrastructure

<table>
<thead>
<tr>
<th>Perception score</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>6–10.8</td>
<td>Very inadequate infrastructure</td>
</tr>
<tr>
<td>10.8–15.6</td>
<td>Inadequate infrastructure</td>
</tr>
<tr>
<td>15.6–20.4</td>
<td>Moderate infrastructure</td>
</tr>
<tr>
<td>20.4–25.2</td>
<td>Adequate infrastructure</td>
</tr>
<tr>
<td>25.2–30</td>
<td>Very adequate infrastructure</td>
</tr>
</tbody>
</table>

III. Perception with respect to reliability of bancassurance channel

Table 6 shows that customers perceive the reliability of the bank as relatively higher with respect to the factors like “security of transaction” and “keeping accurate records of insurance related transaction.” Customers perceive relatively lower reliability of bank with respect to the factor like “providing service at the time they (bank personnel) promise” and “consistency in performance.”

As explained in Exhibits 1 and 2, an interpretation table is made by considering nine items of measure on perception of customers with respect to reliability of bancassurance channel. Thus, the interpretation table is given in Exhibit 3.

By looking at the scale statistic in Table 7, the mean score is 35.29. It falls under high level of reliability. Thus, it can be interpreted that customers of bancassurance perceive bank to be highly reliable channel for buying life insurance. Choudhury and Singh (2015b) and Soni and Rao (2014) have also gotten similar findings. Thus, high reliability of
bancassurance channel is definitely advantageous for the banks in getting more customers.

**IV. Perception with respect to responsiveness of bancassurance channel**

It is shown in Table 8 that customer perceives responsiveness of bank as relatively high for the factors like “providing service exactly required by customers” and “replying insurance related query of customer” and relatively low responsiveness of bank regarding the factor like “providing prompt service to customers.”

Like Exhibits 1, 2, and 3, an interpretation table is made by taking five items considered for measuring perception of customers with respect to responsiveness. The following interpretation table is framed and presented under Exhibit 4.

**Table 6. Item Statistics Used for Measuring Reliability of Bancassurance**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security of transaction</td>
<td>4.14</td>
<td>0.398</td>
</tr>
<tr>
<td>Keeping accurate records of insurance transaction</td>
<td>4.12</td>
<td>0.374</td>
</tr>
<tr>
<td>Disclosing financial information</td>
<td>4.12</td>
<td>0.355</td>
</tr>
<tr>
<td>Disclosing personal information</td>
<td>4.11</td>
<td>0.352</td>
</tr>
<tr>
<td>Trustworthiness</td>
<td>3.99</td>
<td>0.56</td>
</tr>
<tr>
<td>Information provided by channel is accurate</td>
<td>3.96</td>
<td>0.577</td>
</tr>
<tr>
<td>Consistency in behaviour</td>
<td>3.69</td>
<td>0.728</td>
</tr>
<tr>
<td>Consistency in performance</td>
<td>3.61</td>
<td>0.763</td>
</tr>
<tr>
<td>Providing service at the time they promise</td>
<td>3.56</td>
<td>0.753</td>
</tr>
</tbody>
</table>

*Source: Authors’ compilation from questionnaire*

**Table 7. Scale Statistics for Reliability of Bancassurance Channel**

<table>
<thead>
<tr>
<th>Mean</th>
<th>Variance</th>
<th>Std. Deviation</th>
<th>No. of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>35.29</td>
<td>15.963</td>
<td>3.995</td>
<td>9</td>
</tr>
</tbody>
</table>

*Source: Authors’ compilation from questionnaire*

**Exhibit 3. Interpretation Table to Interpret Reliability Score of Bancassurance Channel**

<table>
<thead>
<tr>
<th>Perception score</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>9–16.2</td>
<td>Very low level of reliability</td>
</tr>
<tr>
<td>16.2–23.4</td>
<td>Low level of reliability</td>
</tr>
<tr>
<td>23.4–30.6</td>
<td>Moderate level of reliability</td>
</tr>
<tr>
<td>30.6–37.8</td>
<td>High level of reliability</td>
</tr>
<tr>
<td>37.8–45</td>
<td>Very high level of reliability</td>
</tr>
</tbody>
</table>
By looking at the scale statistic in Table 9, the mean score is 18.10. It is falling under the category of high level of responsiveness. Thus, it can be interpreted that customers of bancassurance perceive that banks have high responsiveness regarding insurance related service.

V. Perception with respect to assurance of bancassurance channel

Table 10 represents that customers perceive that the assurance provided by bancassurance channel is relatively high with respect to the factor like “feel free to talk about insurance related problems” and relatively low degree of assurance with respect to the factor like “giving financial advice other than insurance.”

Table 11 shows that the mean score is 17.45. It falls in the category of high level of assurance. Thus, it can be interpreted that customers of bancassurance perceive that the bank provides high degree of assurance regarding insurance related services. This finding is in accordance with the findings of Vikas (2011) and Rajasekar and Kumari, (2014).

VI. Perception with respect to empathy revealed by bancassurance channel

Table 12 shows that customers’ perception with respect to empathy from the bancassurance channel is relatively high regarding the factors like “working hours convenient to customers”
Measuring Customers’ Perception in Bancassurance Channel Using Psychometric Scale

Table 10. *Item Statistics for Measuring Assurance of Bancassurance Channel*

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feel free to talk about insurance problems</td>
<td>3.97</td>
<td>0.496</td>
</tr>
<tr>
<td>Knowledge level of sales personnel</td>
<td>3.76</td>
<td>0.623</td>
</tr>
<tr>
<td>Politeness of sales personnel</td>
<td>3.72</td>
<td>0.642</td>
</tr>
<tr>
<td>Sympathetic approach</td>
<td>3.62</td>
<td>0.738</td>
</tr>
<tr>
<td>Giving financial advice other than insurance</td>
<td>2.39</td>
<td>0.979</td>
</tr>
</tbody>
</table>

*Source: Authors’ compilation from questionnaire*

Table 11. *Scale Statistics for Assurance of Bancassurance Channel*

<table>
<thead>
<tr>
<th>Mean</th>
<th>Variance</th>
<th>Std. Deviation</th>
<th>No. of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.45</td>
<td>6.661</td>
<td>2.581</td>
<td>5</td>
</tr>
</tbody>
</table>

*Source: Authors’ compilation from questionnaire*

Table 12. *Item Statistics with Respect to Empathy*

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working hours convenient to customers</td>
<td>3.89</td>
<td>0.444</td>
</tr>
<tr>
<td>Gaining confidence of customers</td>
<td>3.77</td>
<td>0.651</td>
</tr>
<tr>
<td>Giving individual attention to customers</td>
<td>3.59</td>
<td>0.672</td>
</tr>
<tr>
<td>Trying to know actual insurance need of customers</td>
<td>3.21</td>
<td>0.796</td>
</tr>
</tbody>
</table>

*Source: Authors’ compilation from questionnaire*

Table 13. *Scale Statistics for Empathy*

<table>
<thead>
<tr>
<th>Mean</th>
<th>Variance</th>
<th>Standard Deviation</th>
<th>No. of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.46</td>
<td>4.557</td>
<td>2.135</td>
<td>4</td>
</tr>
</tbody>
</table>

*Source: Authors’ compilation from questionnaire*

Exhibit 5. *Interpretation Table to Interpret the Assurance Score of Bancassurance Channel*

<table>
<thead>
<tr>
<th>Perception score</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>5–9</td>
<td>Very low level of assurance</td>
</tr>
<tr>
<td>9–13</td>
<td>Low level of assurance</td>
</tr>
<tr>
<td>13–17</td>
<td>Moderate level of assurance</td>
</tr>
<tr>
<td>17–21</td>
<td>High level of assurance</td>
</tr>
<tr>
<td>21–25</td>
<td>Very high level of assurance</td>
</tr>
</tbody>
</table>

Exhibit 6 is prepared to interpret the perception score of customers under empathy dimension of bancassurance by considering four items.

and relatively low empathy of bank regarding the factor “trying to know actual insurance need of the customers.”
By looking at the scale statistic in Table 13, the mean score is 14.46, which falls under the category of high level of empathy. Thus, it can be interpreted that customers of bancassurance perceive that banks show high empathy in providing insurance related service. This finding supports the claim of Vikas (2011) but negates the claim of Rajasekar and Kumari (2014).

Overall Rank of Perception with Respect to Considered Dimensions Towards Bancassurance Channel

To test the normality of data, Kolmogorov-Smirnov test is performed. As seen in Table 14 under the Asymp. Significance value for two tailed test, the calculated value of each of the perception measurement is less than .05, at 5% level of significance. Thus, it can

Exhibit 6. Interpretation Table to Interpret Empathy Score

<table>
<thead>
<tr>
<th>Perception score</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>4–7.2</td>
<td>Very low level of empathy</td>
</tr>
<tr>
<td>7.2–10.4</td>
<td>Low level of empathy</td>
</tr>
<tr>
<td>10.4–13.6</td>
<td>Moderate level of empathy</td>
</tr>
<tr>
<td>13.6–16.8</td>
<td>High level of empathy</td>
</tr>
<tr>
<td>16.8–20</td>
<td>Very high level of empathy</td>
</tr>
</tbody>
</table>

Table 14. One-Sample Kolmogorov-Smirnov Test

<table>
<thead>
<tr>
<th></th>
<th>Perception with respect to compliance</th>
<th>Perception with respect to tangible infrastructure</th>
<th>Perception with respect to reliability</th>
<th>Perception with respect to empathy</th>
<th>Perception with respect to responsiveness</th>
<th>Perception with respect to assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>345</td>
<td>345</td>
<td>345</td>
<td>345</td>
<td>345</td>
<td>345</td>
</tr>
<tr>
<td>Normal Parameters Mean</td>
<td>3.1246</td>
<td>4.1304</td>
<td>4.0812</td>
<td>3.7304</td>
<td>3.7797</td>
<td>3.7594</td>
</tr>
<tr>
<td>Normal Parameters Std. Deviation</td>
<td>.87544</td>
<td>.40753</td>
<td>.49921</td>
<td>.66893</td>
<td>.66747</td>
<td>.62187</td>
</tr>
<tr>
<td>Most Absolute Differences</td>
<td>.217</td>
<td>.469</td>
<td>.399</td>
<td>.361</td>
<td>.368</td>
<td>.332</td>
</tr>
<tr>
<td>Most Positive Differences</td>
<td>.217</td>
<td>.469</td>
<td>.399</td>
<td>.268</td>
<td>.284</td>
<td>.260</td>
</tr>
<tr>
<td>Most Negative Differences</td>
<td>-.180</td>
<td>-.348</td>
<td>-.354</td>
<td>-.361</td>
<td>-.368</td>
<td>-.332</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
</tbody>
</table>

Source: Authors’ compilation from questionnaire

Table 15. Mean Ranks of the Perception With Respect to the Considered Dimensions of Bancassurance

<table>
<thead>
<tr>
<th>Perception regarding considered dimensions</th>
<th>Mean Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perception with respect to compliance</td>
<td>2.10</td>
</tr>
<tr>
<td>Perception with respect to tangible infrastructure</td>
<td>4.33</td>
</tr>
<tr>
<td>Perception with respect to reliability</td>
<td>4.27</td>
</tr>
<tr>
<td>Perception with respect to empathy</td>
<td>3.37</td>
</tr>
<tr>
<td>Perception with respect to responsiveness</td>
<td>3.51</td>
</tr>
<tr>
<td>Perception with respect to assurance</td>
<td>3.43</td>
</tr>
</tbody>
</table>

Source: Authors’ compilation from questionnaire
be concluded that the distribution of data relating to customers’ perception towards various dimension of bancassurance do not follow normal distribution. Hence, parametric tests cannot be applied to this data. Therefore, non-parametric test is applied.

Friedman test is done to test if the data relating to the customers’ perception towards compliance, tangible infrastructure, reliability, responsiveness, assurance, and empathy are coming from the same population. The Friedman test is the non-parametric alternative to the one-way ANOVA with repeated measures. It is used to test for differences between groups when the dependent variable being measured is ordinal (https://statistics.laerd.com/spss-tutorials/friedman-test-using-spss-statistics.php).

From Table 15, it is evident in the sample that the most favourable perception is with respect to tangible infrastructure of banks for providing insurance related services followed by reliability. Out of the six dimensions considered in the study, customers have, relatively, least favourable perception with respect to the compliance of banks for various insurance related norms and guidelines, given the test and methodology.

Under the Friedman Test presented under Table 16, the calculated chi-square value is 85.576 and the Asymp. Significance value (0.000) is less than 0.001.

### Table 16. Test Statistic

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Chi-Square</th>
<th>Df</th>
<th>Asymp. Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>345</td>
<td>605.838</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>345</td>
<td>5</td>
<td>.000</td>
<td></td>
</tr>
</tbody>
</table>

Source: Authors’ Compilation from questionnaire

### Table 17. Wilcoxon Signed Rank Test

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean Rank</th>
<th>Sum of Ranks</th>
</tr>
</thead>
<tbody>
<tr>
<td>overall perception regarding tangible infrastructure - overall perception with compliance</td>
<td>345</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Negative Ranks</td>
<td>8a</td>
<td>81.19</td>
<td>649.50</td>
</tr>
<tr>
<td>Positive Ranks</td>
<td>236b</td>
<td>123.90</td>
<td>29240.50</td>
</tr>
<tr>
<td>Ties</td>
<td>101c</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>345</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>overall perception regarding reliability - overall perception with compliance</td>
<td>345</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Negative Ranks</td>
<td>9a</td>
<td>79.50</td>
<td>715.50</td>
</tr>
<tr>
<td>Positive Ranks</td>
<td>241b</td>
<td>127.22</td>
<td>30659.50</td>
</tr>
<tr>
<td>Ties</td>
<td>95c</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>345</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>overall perception regarding empathy - overall perception with compliance</td>
<td>345</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Negative Ranks</td>
<td>22a</td>
<td>92.34</td>
<td>2031.50</td>
</tr>
<tr>
<td>Positive Ranks</td>
<td>192b</td>
<td>109.24</td>
<td>20973.50</td>
</tr>
<tr>
<td>Ties</td>
<td>131c</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>345</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>overall perception regarding responsiveness - overall perception with compliance</td>
<td>345</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Negative Ranks</td>
<td>20a</td>
<td>89.60</td>
<td>1792.00</td>
</tr>
<tr>
<td>Positive Ranks</td>
<td>193b</td>
<td>108.80</td>
<td>20999.00</td>
</tr>
<tr>
<td>Ties</td>
<td>132c</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>345</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>overall perception regarding assurance - overall perception with compliance</td>
<td>345</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Negative Ranks</td>
<td>21a</td>
<td>80.38</td>
<td>1688.00</td>
</tr>
<tr>
<td>Positive Ranks</td>
<td>185b</td>
<td>106.12</td>
<td>19633.00</td>
</tr>
<tr>
<td>Ties</td>
<td>139c</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>345</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Table 17 continued...</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>overall perception regarding reliability - overall perception regarding tangible infrastructure</td>
<td>Negative Ranks</td>
<td>51(^a)</td>
<td>42.83</td>
</tr>
<tr>
<td></td>
<td>Positive Ranks</td>
<td>34(^a)</td>
<td>43.25</td>
</tr>
<tr>
<td></td>
<td>Ties</td>
<td>260(^a)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>345</td>
<td></td>
</tr>
<tr>
<td>overall perception regarding empathy - overall perception regarding tangible infrastructure</td>
<td>Negative Ranks</td>
<td>129(^a)</td>
<td>72.11</td>
</tr>
<tr>
<td></td>
<td>Positive Ranks</td>
<td>13(^a)</td>
<td>65.42</td>
</tr>
<tr>
<td></td>
<td>Ties</td>
<td>203(^a)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>345</td>
<td></td>
</tr>
<tr>
<td>overall perception regarding responsiveness - overall perception regarding tangible infrastructure</td>
<td>Negative Ranks</td>
<td>112(^a)</td>
<td>64.38</td>
</tr>
<tr>
<td></td>
<td>Positive Ranks</td>
<td>14(^a)</td>
<td>56.43</td>
</tr>
<tr>
<td></td>
<td>Ties</td>
<td>219(^a)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>345</td>
<td></td>
</tr>
<tr>
<td>overall perception regarding assurance - overall perception regarding tangible infrastructure</td>
<td>Negative Ranks</td>
<td>130(^a)</td>
<td>74.11</td>
</tr>
<tr>
<td></td>
<td>Positive Ranks</td>
<td>17(^a)</td>
<td>73.15</td>
</tr>
<tr>
<td></td>
<td>Ties</td>
<td>198(^a)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>345</td>
<td></td>
</tr>
<tr>
<td>overall perception regarding empathy - overall perception regarding reliability</td>
<td>Negative Ranks</td>
<td>122(^ab)</td>
<td>65.73</td>
</tr>
<tr>
<td></td>
<td>Positive Ranks</td>
<td>8(^a)</td>
<td>62.00</td>
</tr>
<tr>
<td></td>
<td>Ties</td>
<td>215(^ad)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>345</td>
<td></td>
</tr>
<tr>
<td>overall perception regarding responsiveness - overall perception regarding reliability</td>
<td>Negative Ranks</td>
<td>104(^a)</td>
<td>56.24</td>
</tr>
<tr>
<td></td>
<td>Positive Ranks</td>
<td>7(^ab)</td>
<td>52.50</td>
</tr>
<tr>
<td></td>
<td>Ties</td>
<td>234(^ad)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>345</td>
<td></td>
</tr>
<tr>
<td>overall perception regarding assurance - overall perception regarding reliability</td>
<td>Negative Ranks</td>
<td>113(^a)</td>
<td>61.78</td>
</tr>
<tr>
<td></td>
<td>Positive Ranks</td>
<td>9(^a)</td>
<td>58.00</td>
</tr>
<tr>
<td></td>
<td>Ties</td>
<td>223(^a)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>345</td>
<td></td>
</tr>
<tr>
<td>overall perception regarding responsiveness - overall perception regarding empathy</td>
<td>Negative Ranks</td>
<td>29(^a)</td>
<td>40.66</td>
</tr>
<tr>
<td></td>
<td>Positive Ranks</td>
<td>48(^d)</td>
<td>38.00</td>
</tr>
<tr>
<td></td>
<td>Ties</td>
<td>268(^a)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>345</td>
<td></td>
</tr>
<tr>
<td>overall perception regarding assurance - overall perception regarding empathy</td>
<td>Negative Ranks</td>
<td>43(^a)</td>
<td>48.50</td>
</tr>
<tr>
<td></td>
<td>Positive Ranks</td>
<td>53(^a)</td>
<td>48.50</td>
</tr>
<tr>
<td></td>
<td>Ties</td>
<td>249(^a)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>345</td>
<td></td>
</tr>
<tr>
<td>overall perception regarding assurance - overall perception regarding responsiveness</td>
<td>Negative Ranks</td>
<td>42(^a)</td>
<td>38.92</td>
</tr>
<tr>
<td></td>
<td>Positive Ranks</td>
<td>35(^a)</td>
<td>39.10</td>
</tr>
<tr>
<td></td>
<td>Ties</td>
<td>268(^a)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>345</td>
<td></td>
</tr>
</tbody>
</table>

Source: Compiled from the data collected from questionnaire
It can be concluded that the data relating to different dimensions vis-à-vis customers’ perception towards compliance, tangible infrastructure, reliability, responsiveness, assurance, and empathy are not coming from the same population. It means the differences in the perception with respect to the various dimensions considered in the study are actually traceable in the population.

**Post Hoc Tests**

To examine where the differences actually occur, there is a need to run separate Wilcoxon signed-rank tests on the different combinations of related groups. The result of Wilcoxon signed-rank tests is given in Table 17.

From Table 18, it is evident that the differences in the overall perception are statistically significant at 0.33% level of significance (5% level of significance becomes 0.33% level of significance after Bonferroni adjustment) with respect to: (1) tangible infrastructure and compliance; (2) reliability and compliance; (3) empathy and compliance; (4) responsiveness and compliance; (5) assurance and compliance; (6) empathy and tangible infrastructure; (7) responsiveness and tangible infrastructure; (8) assurance and tangible infrastructure; (9) empathy and reliability; (10) responsiveness and reliability; and (11) assurance and reliability.

Thus, the hypothesis considered for the study that there is no significant difference amongst customers’ perception with respect to compliance, tangible infrastructure, to reliability, responsiveness, assurance, and empathy cannot be accepted, given the test and methodology.

**Policy Implications and Conclusions**

The study attempts to examine the perception of customers towards bancassurance business model with respect to selected attributes. The study finds that customers have highly favourable perception regarding reliability, responsiveness, empathy, and assurance of bancassurance channel. Customers also perceive that the bank has adequate tangible infrastructure to provide insurance service, which is significant for bringing more customers and retaining old customers as tangible infrastructure is low in public sector life insurance companies for doing business under agency channel (Vikas, 2011; Rajasekar & Kumari, 2014). All these are definitely strong points for the bank, but yet there are scopes for improvement in customers’ perception with respect to the abovementioned attributes as there are possibilities to uplift them to a very high level too.

Choudhury and Singh (2015b) and Soni and Rao (2014) have found that customers perceive bancassurance channel having high reliability. Choudhury and Singh (2015c) found that customers perceive bancassurance channel as highly responsive. Agency channel of public sector life insurance companies are also perceived to be highly reliable, responsive, assured, and empathetic (Vikas, 2011; Devi, 2008; Bapat et al., 2014; Madan, 2012). Therefore, even a small reduction in the reliability, responsiveness, assurance, and empathy of bancassurance channel may lead to the outswing of customers from bancassurance channel to agency channel of public sector life insurance companies which are also equally perceived to be reliable. However, Rajasekar and Kumari (2014) found that reliability, responsiveness, and empathy of life insurance service under agency channel is low but assurance is found to be high. Thus, bancassurance channel is in an advantageous position than that of agency channel of life insurance, and it is expected to bring more customers to the bank.

However, regarding bank’s compliance to insurance rules and regulation, customers perceive that the bank has moderate compliance. This finding is to be seen in the light that IRDA has made it mandatory for the insurance service providers to use illustration as per the norms set by IRDA and it is to be written on all the leaflets meant to be distributed to the potential customers. This finding is a matter of concern for the bank. This is because compliance plays a key role in selling insurance policy. Maintaining compliance enhances policyholders’ experience (Ernst & Young, 2014). Compliance with laws, rules, and standards helps to maintain the bank’s reputation and meet the expectations of its customers (Basel Committee on Banking Supervision, 2003). The compliance function affects the value creation in a bank. It helps in strengthening public confidence in bank (Mundra, 2014). Therefore, to enhance client base and to retain existing clients through insurance service, banks need to focus on this aspect. The bank should periodically...
<table>
<thead>
<tr>
<th>Test Statistics</th>
<th>Z</th>
<th>Asymp. Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall perception regarding tangible infrastructure</td>
<td>8.26</td>
<td>.000</td>
</tr>
<tr>
<td>Overall perception regarding compliance</td>
<td>-1.02</td>
<td>.307</td>
</tr>
<tr>
<td>Overall perception regarding empathy</td>
<td>-1.86</td>
<td>.063</td>
</tr>
<tr>
<td>Overall perception regarding responsiveness</td>
<td>-8.20</td>
<td>.000</td>
</tr>
<tr>
<td>Overall perception regarding assurance</td>
<td>-9.83</td>
<td>.000</td>
</tr>
<tr>
<td>Overall perception regarding reliability</td>
<td>-9.03</td>
<td>.000</td>
</tr>
<tr>
<td>Overall perception regarding tangible infrastructure</td>
<td>-6.26</td>
<td>.000</td>
</tr>
<tr>
<td>Overall perception regarding reliability</td>
<td>-8.41</td>
<td>.000</td>
</tr>
<tr>
<td>Overall perception regarding empathy</td>
<td>-8.87</td>
<td>.000</td>
</tr>
<tr>
<td>Overall perception regarding responsiveness</td>
<td>-8.41</td>
<td>.000</td>
</tr>
<tr>
<td>Overall perception regarding assurance</td>
<td>-9.26</td>
<td>.000</td>
</tr>
<tr>
<td>Overall perception regarding empathy</td>
<td>-9.03</td>
<td>.000</td>
</tr>
<tr>
<td>Overall perception regarding responsiveness</td>
<td>-9.26</td>
<td>.000</td>
</tr>
<tr>
<td>Overall perception regarding assurance</td>
<td>-9.83</td>
<td>.000</td>
</tr>
</tbody>
</table>

Source: Compiled from the data collected from questionnaire.
review its state of affairs and activities and also impart continuous training for its human resources.

Capitalizing on the strengths, banks in India have already joined hands with insurance company for insurance distribution. For instance, State Bank of India is selling insurance of SBI Life. SBI Life is a joint venture of State Bank of India and Cardiff SA, an insurance company of France. UCO bank sells insurance policy of LIC. Banks see bancassurance as a way of creating a new revenue flow and diversifying their business activities. Considering this monetary aspect of bancassurance channel, many banks have taken steps to concentrate on insurance business. For example, Canara Bank along with Oriental Bank of Commerce and HSBC bank set up insurance company named The Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited. Punjab National Bank has acquired 40% stake in US-based Met-life insurance company and it is functioning under the brand name of PNB Met-life.

The customers’ perception is found to be the same for both the distribution channel of insurance, that is, agency channel and bancassurance channel, but customers will prefer bancassurance channel if efforts are placed in time and in the right direction. This is because customers trust banks usually more than insurance companies (Wang & Hwang, 2009). Customers consider the bank as the most authentic channel over other mode of distribution channel for buying insurance (Tiwari & Yadav, 2012). Reliability and trust are very important to gain customers’ loyalty and these are possessed by the banks (Kuusik & Varblane, 2009). Customers prefer the bank due to convenience, interpersonal relationship, safety, and customized service (Popliand & Rao, 2009; Fan et al. 2011; Kumari, 2012; Ali & Chatley, 2013; Bergle & Verweire, 2001; Shukla, Bhatt, & Shrisvatava, 2012).

In case of selling insurance policy, the bank has a competitive advantage over traditional channel of insurance companies. The bank has financial data of their clients. Therefore, the bank can offer tailor-made insurance solutions according to the financial position and requirement of its customers. Offering customized insurance plans will boost up the business of bancassurance channel.

Therefore, banks should work on the improvement of customers’ perception by taking care of the areas considered to measure the abovementioned perceptions. In this respect, the bank can rely upon the use of technology too due to its affordability (Brige, 2006).

Scope of Future Research

Customers’ perception of bancassurance service of private banks can be considered for study. A comparative study of customers’ perception of bancassurance business model and traditional insurance selling model, that is, selling policy through agent can also be carried out.

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From expectations of behavioral intentions. *Journal of Marketing Research, 30*, 7–27.


Madan, M. (2012). Comparison of customers’ perception with regard to service quality in public and private
insurance companies using SERVQUAL. *Delhi Business Review*, 13(2), 55–66.


