



Customer's Perception on Promotional Strategies of Bancassurance

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Abstract

Traditionally in India, the insurance companies were responsible for selling insurance products. But time has changed now and nowadays these products can be sold out with help of banks as well which is called as Bancassurance. The purpose of this study is twofold: First, to understand how promotional strategies influence the customer's perception while purchasing bancassurance products from banks and second, to examine the customer's level of awareness towards bancassurance. The study is descriptive in nature. The sample frame includes the account holders in State Bank of India, Punjab National Bank and Canara Bank. The data is collected mostly based on primary and sources collected from a sample of 289 respondents in Aligarh district. The sample was selected using convenience sampling through a structured questionnaire. The analysis reveals that the promotional strategies adopted by banks influence the perception of customer but at the same time banks should put some efforts on integrated promotional strategies of bancassurance product. Additionally, promotional strategies create awareness and affect the sale of bancassurance product. This study will help banks to improve their promotional strategies which play a vital role in customer's perception on buying bancassurance products and services.

Keywords: Bancassurance, Integrated Promotional Strategies, Customer's Perception

1. Introduction and Review of Literature

In an economy, the tertiary sector plays a voluminous role and where 50% of the Indian economy comes from India's GDP services. In today's era of competitiveness, it is very difficult for a company to perceive the perception of the customer regarding their products and services. Customer perception has become an integral part of assessing marketing strategies. It is a trending issue now that people are realizing that customers' perception of the company's image and products affects the purchase decision of customers. In the case of banks, the formation of customer perception is done with the help of evaluating the quality services rendered by banks and their satisfaction level with the overall services of the banks (Zeithml and Bitner 2003).

Traditionally, insurances policies were only confined to insurance companies but it has undergone a great change. Over time a new phenomenon called "Bancassurance" came by in the early 21st century. Bancassurance – a merger of two terms banks and insurance in French denotes allocation of insurance products through banking channel. Bancassurance encompasses terms such as 'Allfinanz' (in German), 'Integrated Financial Services', and 'Assure banking'. Banks, with their geographical spread and

penetration in terms of customer reach of all segments, have emerged as viable sources for the distribution of insurance products. The ubiquitous agent is no more the only distribution channel today for insurance products. This arrangement offers both General insurance as well as Life insurance policies. As bancassurance is a new phenomenon and most of the people are unaware of it therefore in order to increase the sale of insurance policies a bank must introduce effective promotional strategies which in results gives banks a good amount of sale. Marketing plays a significant role in reaching out to customers. Without marketing, no bank can reach its customers, and therefore it is the responsibility of banks to adopt a marketing strategy that leads to the awareness of customers about bancassurance. In order to market insurance services, it requires a different set of skills. It is altogether a unique approach when compared to marketing tangible products because factors like demonstrations, storage, protection, inseparability inconsistency, and most important customer perception of service quality are more directly linked to the morale, motivation and skills of the frontline staff of any service provider.

Literature Review

1. **Rajan Joji and Gomatheewaran M. (2013)**, in their study on Bancassurance- a comparative analysis on customer satisfaction towards public and private banks in Pathanamitha district of Kerala. It was a comparative study where the satisfaction level of the customer was analyzed between private and public sector banks. The results showed that private sector banks are competing with each other and the majority of respondents were not giving importance to private and public sector banks what matters to them was the convenience.
2. **Choudhary Mousumi et al., (2016)** in their paper titled, "Measuring customer's experience in bancassurance - an empirical study" attempts to investigate customer experience concerning the bancassurance channel of SBI life insurance in the state of Guwahati. The factor analysis was done to check seven factors that affect the customer experience. The study found that customers were positively experiencing the SBI life insurance policy and felt satisfied with services.
3. **Arora Nancy, Gaur Arti (2016)**, attempted to trace the impact of performance parameters on the level of customer satisfaction from public and private sector banks of Haryana. The analysis showed that people give preference to private sectors as compared to public sector banks in terms of convenience, trustworthiness, brand image, quality services, sale promotion, and lower administration cost.
4. **Sredevi E.S and Yadav Babita, (2017)** in their study on customer satisfaction on bancassurance- did a comparison between the satisfaction received while purchasing life insurance policy from LIC India and banks. The analysis showed that the level of satisfaction is almost the same in purchasing life insurance policies from LIC India and banks and if banks would take some more initiative to enhance the attractiveness of the distribution channel the performance of the bank will increase.
5. **Rao K.S (2017)**, in his study of promotional mix strategy in banks for bancassurance products, enquire about the promotional mix strategies practiced by banks influence the perception of the customer. The analysis reveals the bancassurance model was not well-positioned and banks are unable to cater to the demand of bancassurance due to the failure in understanding the demographic profile, products, economic situation, and specifically the marketing strategies.
6. **Choudhary Mousumi et al., (2017)** in their paper titled "Measuring customer's perception in bancassurance channel using psychometric scale" attempt to investigate the customer's perception towards bancassurance channel. Six factors were taken for the study namely compliance, tangible, infrastructure, reliability, responsiveness, assurance, and empathy. The study finds that customers have a favourable perception regarding reliability, responsiveness assurance, and empathy of bancassurance channel also customers perceive that banks tangible infrastructure is adequate for providing insurance services.
7. **Devi Reena, (2018)** in her study did a comparative analysis of the perception and preference of policyholders towards products offered by LIC India and SBI LIC companies in Haryana. This study was confined to Bhivani and Rohtak districts. The findings of the study reveal that demographic variables play an immense role in understanding the perception of the customer and also customers showed no difference in preferring to purchase the life insurance policy from LIC India and banks.

8. **Muralidhara Rao K. S. and Kavitha Prabhu, (2018-19)** explained in their study of customers' perception on promotional strategies of the banks for bancassurance products of coastal Karnataka that promotional strategies do influence the customer perception towards bancassurance and integrated promotional strategies help increase the sales of insurance services.
9. **Dharamraj. S, (2019)** conducted a study in Tamil Nadu to know the customer's perception towards bancassurance to analyze the awareness, customer's preference, and satisfaction of bancassurance services. The level of awareness was taken as a dependent variable and analyzed by an association between the duration of the relation of the customer with banks and the frequency of visits by the customer to banks. The analysis reveals that frequent visit by customer to banks is significant in creating awareness regarding bancassurance and the majority of the respondents was satisfied with the services but at the same time dissatisfied in handling the complaints by the banks' official.
10. **Deeplakshmi M. and Kavyaa k. (2019)** in their analytical study of policy holder's perceptions on bancassurance examined the level of awareness about the bancassurance and what factors influence the respondents to purchase the policy from bancassurance arrangements. The analysis showed that illiterate people are unaware of the bancassurance and the majority of the respondents prefer to purchase an insurance policy from public sector banks as it gives them security and this is the factor that motivates them to purchase from bancassurance.
11. **Nanda Soumen et al., (2020)**, in their study on the business intelligence and decision making influence bancassurance system probes that business intelligence as a tool of decision making is influencing the people to purchase bancassurance policies from different nationalized banks of India and Netherland. The study implicates that business intelligence affects the decision-making style of customers and at the same time business intelligence and decision making contribute to accepting bancassurance policies both for the customer as well as the banking sector.
12. **Choudhary Mousumi and Singh Ranjit, (2021)**, in their study of measuring customer's satisfaction in bancassurance channel using gap model investigate the level of customer satisfaction towards bancassurance channel of buying life insurance policies. The study was based on the different branches of SBI LIC of Guwahati city of Assam. The analysis reveals that customers are not satisfied with buying life insurance products from banks because one of the factors affecting customer satisfaction is the expectation of customers from the bancassurance channel.

2. Objectives of the study

1. To study the customer's perception on promotional strategies of bancassurance products.
2. To study the level of awareness towards bancassurance products and services.
3. To study the effectiveness of various media used by banks as their promotional strategies.

3. Statement of Problem

After the extensive review of literature, it is found that no study is done on the customer's perception on promotional strategies of bancassurance. The studies that have already been done were limited to customer satisfaction, customer's experience, customer's perception towards bancassurance distribution channels, and awareness level of the customer regarding bancassurance.

4. Research Methodology

The study area selected is Aligarh district. The respondents in the study are the account holder in the State Bank of India, Punjab National Bank, and Canara Bank. These banks were selected based on their performance in the claim settlement ratio published in the Annual report by IRDA. The sample is selected through the convenience sampling technique. A total of 300 respondents were personally interviewed. In the final editing, 11 responses were deleted due to incorrect/missing/ineligible entries. The final sample size is 289. The data is collected mostly from primary sources with the help of a structured questionnaire. The questionnaire is designed in compliance with the objectives of the study and was divided into three parts. The first part consists of the questions related to the socio-demographic conditions of the customers. The second part includes the responses related to the awareness of

bancassurance products and services. The third part seeks information regarding the effectiveness of promotional strategies adopted by banks for the sale of bancassurance products. The analysis and interpretation have been done by SPSS V25. To assess the frequency descriptive statistics were used while independent t-test and ANOVA was used to test statistically significant difference among the study groups. Pearson Correlation was used to the relationship between media sources and promotional strategies.

Hypothesis of study:

H₀₁: There is no significant difference between demographic factors and promotional strategies.

H_{a1}: There is a significant difference between demographic factors and promotional strategies.

H₀₂: There is no significant difference between banks and promotional strategies.

H_{a2}: There is a significant difference between banks and promotional strategies.

5. RESULTS AND DISCUSSION

Table 1 shows the socio-demographic profile of the (n=289) respondents. Out of the total sample size, 63.7% were male and 36.3% were female. The majority of the participants in this survey were in the age group of 35 years and 45 years (41.2%) and most of them were graduates followed by postgraduates (23.9%), Intermediate (20.1%), High school (15.9%), and doctorate (4.5%). The Economic dimensions were measured that reveals most of the respondent's income was less than Rs. 50,000 (39.8%) followed by annual income ranging from Rs.50,000 and Rs. 1,00,000 (22.8%). Insurance plays a vital role in married life specifically the life insurance and medical insurance policies, therefore, marital status was also included in this study which shows that approximately more than 60% of insurance policyholders purchased an insurance policy through the bancassurance phenomenon was married.

Table 1 – Customer's Socio-demographic Profile

Characteristics	n	%
Gender		
Male	184	63.7
Female	105	36.3
Age group		
<25	36	12.4
25-35	83	28.7
35-45	119	41.2
45-55	31	10.8
>55	20	6.9
Educational level		
Up to high school	46	15.9
Intermediate	58	20.1
Graduate	103	35.6
Post Graduate	69	23.9
Doctorate	13	4.5
Annual Income		
<50,000	115	40
50,000-1,00,000	66	22.8
1,00,000-1,50,000	59	20
1,50,000-2,00,000	34	12
>2,00,000	15	5
Marital Status		
Married	174	60
Unmarried	115	40

3.1 Awareness of bancassurance through promotional strategies success of bancassurance

The mean value is 4.13 which shows promotional strategies do influence the awareness of bancassurance products and services and the mean value is 4.15 which shows promotional strategies do influence the awareness of bancassurance products and services.

3.2 Correlation between Awareness of Bancassurance and Effectiveness of Promotional Strategies

Table 2 shows the correlation between awareness of bancassurance and promotional strategies. The Pearson correlation value between the awareness level of respondents and the effectiveness of advertisement in creating bancassurance services is 0.77 which reveals that there is a strong correlation between the two. Similarly, sales promotion's correlation is 0.76, direct marketing 0.69, and combination of promotional strategies correlation is 0.81. But when it comes to Public relation/Publicity and Personal Selling the correlation values is 0.28 and 0.19 which shows there is a weak correlation between publicity, personal selling, and awareness of bancassurance.

Table 2 Correlation between awareness of Bancassurance and effectiveness of promotional strategies

Promotional Strategies	Correlation Values
Advertisement in electronic/ print media	0.77
Sales Promotion	0.76
Direct Marketing	0.69
Public Relation/ Publicity	0.28
Personal Selling	0.19
Combination of all	0.81

3.3 Correlation between the effectiveness of media and awareness of Bancassurance

Table 3 shows the correlation between the media and the awareness of bancassurance. The Pearson correlation value between media and awareness level of respondents and effectiveness of media specifically T.V advertisement is 0.73 which shows that there is a strong correlation between T.V advertisement as media followed by newspaper advertisement which is 0.71. The strongest correlation values are of brand ambassador/celebrity which is 0.78 followed by newspaper advertisement, magazines 0.64, posters/hoardings/banners 0.59, words of mouth/friends/relative which is 0.61. But at the same time, the correlation of radio advertisement is 0.37 which shows that creating awareness of bancassurance radio as a media source is failing. Similarly, the Calendar/Diary's correlation is 0.21 which is less than the correlation of radio advertisement.

Table 3 Correlation between effectiveness of media and awareness of Bancassurance

Media	Correlation Values
T.V Advertisement	0.73
Radio Advertisement	0.37
News Paper Advertisement	0.71
Magazines	0.64
Posters/Hoardings/Banners	0.59
Brand Ambassador/Celebrity	0.78
Word of mouth/Friends/Relatives	0.61
Calendar/Diary	0.21

3.4 Significance level of demographic group with Promotional Strategies

3.4.1 Hypothesis

H_{01.1}: There is no significant difference between education and promotional strategies.

H_{a1.1}: There is a significant difference between education and promotional strategies.

H_{02.1}: There is no significant difference between Annual Income and promotional strategies.

H_{a2.1}: There is a significant difference between Annual Income and promotional strategies.

The value of ANOVA to test the statistically significant difference among the demographic groups concerning effectiveness regarding the promotional strategies of bancassurance services. The F value for educational groups is 13.716 and P-value is 0.000 which is less than 0.05; therefore, there is a statistically significant difference among the demographic groups. Similarly, The F value for annual income is 24.367 and the P value is 0.000 which is also less than 0.05, therefore, it is also a statistically significant difference among the income groups.

Table 4 Significance level of demographic group with Promotional Strategies

Factors	F- values	P-values
Education	13.716	0.000
Annual Income	24.367	0.000

*Anova

3.5 Significance level of demographics group with promotional strategies

3.5.1 Hypothesis

H_{03.1}: There is no significant difference between gender and promotional strategies.

H_{a3.1}: There is a significant difference between gender and promotional strategies.

H_{04.1}: There is no significant difference between marital status and promotional strategies.

H_{a4.1}: There is a significant difference between marital status and promotional strategies.

The value of independent t-test to test the statistically significant difference among the demographic groups concerning effectiveness regarding the promotional strategies of Bancassurance services. The F value for gender is 13.716 and P-value is 0.000 which is less than 0.05; therefore, there is a statistically significant difference among the gender groups. Similarly, The F value for marital status is 19.117 and P-

value is 0.000 which is also less than 0.05 therefore it is also a statistically significant difference among the married and unmarried groups.

Table 5 Significance level of demographics group with promotional strategies

Factors	F- values	P-values
Gender	14.652	0.000
Marital Status	19.117	0.000

**Independent t test*

3.6 Significance level of banks with Promotional Strategies

3.5.1 Hypothesis

H_{02.1}: There is no significant difference between banks and promotional strategies.

H_{a2.1}: There is a significant difference between banks and promotional strategies.

The value of ANOVA to test the statistically significant difference among three banks under the study concerning effectiveness regarding the promotional strategies of Bancassurance services. The F value for educational groups is 21.006 and P-value is 0.000 which is less than 0.05; therefore, there is a statistically significant difference that reveals that SBI, PNB, and Canara bank's promotional strategies create awareness among customer customers to purchase insurance policies through banks.

Table 6 Significance level of banks with Promotional Strategies

F value	P-value	Statistically significant difference?
21.006	0.000	Yes

**Anova*

Implication and Directions for future research

As it is clear from the study that the promotional strategies influence the perception of the customer when it comes to bancassurance. In the light of the above statement, we can say that this study is important for banks to work upon the promotional strategies that will help them to increase the sale of bancassurance products and services specially the integrated promotional strategies. This study may act as the base for further research as the same study under same may be extended to state or national level, a comparative analysis between public and private sector banks and the promotional strategies can also be performed and evaluation of individual promotional strategies and integrated promotional strategies can also be done.

Limitation of the study

The study is limited to Aligarh district only and only three banks were selected, therefore the inferences and conclusion cannot be generalized for the other parts of the region as as other banks. But this study yield to the various area of western Uttar Pradesh.

Conclusion

The study reveals that the promotional strategies adopted by banks influence the perception of customers but simultaneously banks should put some extra effort into integrated promotional strategies of bancassurance products. The promotional strategies are also helpful in creating awareness and do influence the awareness of bancassurance products and services. The study also aims to find out that

demographic variables influence the customer’s perception regarding promotional strategies. It has been found that demographic variables have a significant influence on customers’ perception regarding promotional strategies adopted by banks.

