Exploration of The Factors Influencing Customer Perspectives And Intention Regarding Digital Bancassurance

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ABSTRACT

A considerable trend towards digitization in the banking and insurance industries have given rise to a new concept called "digital Bancassurance," in which insurance products are made available through banking systems. For financial institutions looking to optimize their service offerings and boost customer satisfaction in this changing landscape, it is essential to understand the elements that influence customer perspective and intentions towards digital Bancassurance. This study intends to look into and pinpoint the variables influencing customer perspective and intentions towards digital Bancassurance. It aims to identify the fundamental forces influencing consumer perceptions regarding unified banking and insurance services in the digital environment. Rare study has been done to understand the precise elements that influence consumers' decisions to adopt digital Bancassurance or not. By examining many facets that influence consumer perceptions and behavioral intentions in the context of digital Bancassurance, this study seeks to close this gap. In-depth interviews and focus groups will be used to collect qualitative data in order to collect various client opinions. Thematic analysis has been performed as a tool to evaluate the interview transcripts. The delivery and consumption of financial services have changed as a result of the development of digital technology. Digital platforms that combine banking and insurance services have the ability to change client preferences and experiences.

Keywords: Digital Bancassurance, Customer Perspective, unified Banking and Insurance, Customer intention.

1. INTRODUCTION

In order to cater to the demands of the customers, the financial services industry needs a special approach to the creation of the bank's portfolio of goods and services (Marzai, 2018). The digital platform offers cutting-edge service solutions to enhance client acquisition and retention. Increased brand recognition, as well as a more effective method of analyzing and understanding client demands, may be advantageous to insurers (Bhardwaj, 2021). The gathering of customer data and the creation of tailored goods may both benefit from digitization. By bringing down operating expenses, it enables insurers to offer insurance at lower prices and in greater quantities. These efficiencies have the potential to raise total profitability when used with traditional product lines (Allen, 2019). Bancassurance was introduced as an additional channel of distribution for marketing insurance products to banks' sizable customer base. It was advertised as a better alternative to traditional distribution channels, but because no technological innovations or advancements in that field were made, Bancassurance itself became a traditional channel of

distribution for selling insurance products using antiquated techniques like branch visiting and personal selling (Bhardwaj, 2021). Customers have been urged to adopt the digital age by technological advancements, which has an influence on consumer behavior, processing techniques, information management, and other factors. The economics and business environment of organizations have been reorganized as a result of the shift to the digital era, which has also altered how people work (Apdillah et al., 2022). The effects of digitization are thus viewed as the fourth industrialization wave, which will fundamentally alter business. Therefore, a company's capacity to tackle the new obstacles brought on by digitalization will determine how long it can remain in operation (Kramaric, 2020). Bancassurance is a component of banks' efforts to diversify their income streams and grow. Banks may market insurance by utilizing their current clientele. Insurance is sold by banks through their retail networks, or distribution channels (Knight, 2005). Digital Bancassurance, which has emerged as a result of the fusion of banking and insurance services through digital platforms, represents a substantial change in the way financial products are delivered and used. It is crucial for financial institutions and the industry as a whole to comprehend the variables that affect client perceptions and intents in this changing environment. The cutting-edge effects of digitalization on the financial services sector, with a particular emphasis on the integration of banking and insurance services, serve as the basis for this study. For service offerings to be improved, innovation to be stimulated, and the financial services sector to finally be shaped for the better, it is essential to comprehend customer perspective and intention about digital Bancassurance. Although the financial environment might be significantly altered by digital Bancassurance, there is a glaring research deficit regarding consumer attitudes and intentions towards this new integrated financial service. The research that is already available frequently concentrates on conventional Bancassurance models or generic digital banking, rarely address the special issues and considerations related to digital Bancassurance. Financial institutions will benefit from this research's insightful information, which will enable them to create and improve their digital Bancassurance services using data-driven decisions. In order to meet client expectations, this entails enhancing user interfaces, service features, and security protocols. They may efficiently focus their marketing initiatives and match product attributes to client needs, which will boost adoption rates and market penetration. By addressing consumer concerns about security and trust through the research's conclusions, dangers related to the digital shift may be reduced. By developing new products and services that are specifically suited to the changing demands of their clientele, financial institutions may achieve a competitive edge. The development of the digital financial services industry may be fueled by the wise use of the knowledge gained from this study. The scope of this research is by expanding knowledge of consumer behavior and decision-making in the realm of digital financial services, this research also advances academic research. It may open the door for more research into related areas and an expansion of the theoretical bases for digital Bancassurance. Financial institutions may use the research's practical advice and insights to improve their digital Bancassurance initiatives. Financial institutions may modify their services to match client expectations and market trends by adopting the research findings, which will eventually increase their competitiveness and market share.

2. RESEARCH QUESTION

Q1. What are the most significant factors influencing consumer perceptions of digital Bancassurance, taking into account elements like trust, perceived value, usability, and security concerns?

Q2. How do demographics, prior banking and insurance experiences, and alleviate with digital technology affect client intentions about the adoption of digital Bancassurance?

Q3. What strategies can financial institutions use to optimize digital Bancassurance services based on customer perspective and intention?

3. LITERATURE REVIEW

The introduction of bancassurance and digital changes to the banking industry happened virtually simultaneously. This posed a special difficulty. In the pursuit of digital banking self-sufficiency, banks gradually lost face-to-face interaction with their clientele (Ganapathy, 2021). The processing of claims may be done quickly and securely using block chain technology. Platforms for Bancassurance with block chain support make it simpler to share policy information and digital documents in real time. Commissions paid out using smart contracts expedite the client on boarding process (Ganapathy, 2021). Pantano and Timmermans (2014) claim that adapting selling practices and business procedures is necessary for the successful deployment of smart technology in retail. The authors emphasize that, from an organizational perspective, smart technologies demand an effort for identifying, choosing, and presenting the best technology while upgrading the approach to develop, collect, manage, and transmit information from consumers to businesses and vice versa. The introduction of smart technology has also made it easier for retailers to understand customers' expectations and behavioral intentions, including their perceived value and effort expectations (Cronin et al., 2000; Teo & Lim, 2001). The integration of hybridization banking and bancassurance has grown significantly in the past several years.

In a hybrid banking approach, conventional physical banks provide digital banking services as well. Customers can access financial services with greater flexibility and ease thanks to this strategy (Suresh, 2022). Conversely, bancassurance is a business strategy in which banks provide their clients with insurance products in addition to standard banking offerings. Physical banking is difficult to totally eradicate given the variation in population age, education, access to technology, and digital practicality in a country as diverse as India (Suresh, 2022). According to ZeeBiz (2021), a hybrid strategy combines financial services with digital solutions to meet the demands of the modern client and the social and economic environment. Financial institutions use a hybrid banking approach that combines online and traditional branch banking. Furthermore, banks are forced to come up with innovative ways to put a hybrid approach into practice if they want to survive the intense market rivalry and take advantage of the new opportunities presented by digital and mobile banking.

The nonprofit National Community Reinvestment Coalition (NCRC) estimated that between 2017 and 2021, 9% of all branch offices would close, accounting for a loss of about 7,500 branches, according to Bennett's (2023) analysis. A third of the closures occurred in low- to moderate-income or historically disenfranchised neighborhoods.

Digital marketing tactics, better customer support, and automated selling and underwriting will all contribute to the expansion of Bancassurance (Allen, 2019). The banks that create efficient and effective communication processes will be the ones that endure. These plans and procedures will make use of chat bots and other technology, but they will also embrace capabilities that let consumers communicate with staff members without physically visiting the location (Shevlin, 2019). The arrival of technologically advanced banks has compelled South Africa's big banks to alter the way they provide their services. According to Parviainen et al. (2017), "digital transformation" refers to a shift in an organization's operational environment or in the roles and offers that result from the use of digital technology. The adoption of various digital technologies in company operations will thereafter be encouraged via digital transformation. The firm then reaps a number of advantages as a result. Digital technology facilitates the creation of completely

new business models and enhances and/or supplements current goods and services (Legner et al., 2017). In order to benefit from the tools and services provided by digitalization, organizations must invest in creating information technology architecture (Serban, 2017).

Ease of use is given top priority in digital distribution channels when it comes to purchasing insurance products or obtaining insurance protection through a firm's website or an application created by the company for simple transactions.

The development of insurance technology has been fueled by the insurance sector's digital revolution. According to Uyun et al. (2020), Insurtech is a type of digital technology or platform that offers markets, online claims features, digital agents, insurance aggregators, and block chain and Internet of Things (IoT) integration.

By digitizing, a new distribution channel will be formed, increasing Bancassurance's sales area and allowing clients to obtain these products much more quickly and with more in-depth insurance terms (Marzai, 2018). Banks continuously modify their products in response to changing client demands and technical advancements. The most crucial step in enabling banks to adapt to digitalization is to engage in financial education of consumers, opening up new revenue opportunities for banks and insurance providers (Marzai, 2018). The next option is Bancassurance that is digitally implanted. However, the user interface's reduction to PCs, laptops, and smart phones makes selling insurance a difficult task. Users' short attention spans necessitate creative ways to draw them in. Furthermore, it calls into question the viability of the Bancassurance business model. The model has to be flipped on its head with some creative thinking and more purposeful focus. It might not last very long in its current state (Ganapathy, 2021).

Digitization will result in life insurance cost savings of 15% to 20%. It may result in improved convenience, speed, and safety when providing services. For e-commerce businesses, specialized insurance packages are now offered to cover risks including data theft, online fraud, and website hacking (Parviainen et al., 2017). To market insurance, banks can use digital consumer interaction tactics and support higher levels of technical competence. Direct marketing, cross-selling, and up selling are strategies to boost Bancassurance sales. As an enabler, a streamlined underwriting procedure is used. The development of Bancassurance and digitization are strongly intertwined. In order to provide clients with timely offerings, data must be used to create analytics solutions. To prioritize and modify efforts, continuous input from processes like analytics, marketing design, and management should be employed (Ganapathy, 2021).

For insurers, utilizing the bancassurance distribution channel and working to develop a digital product sales system may present opportunities. Rapid developments in information and technology may also pose a risk to the business (Safitri et al., 2023). It is simpler for potential clients to evaluate the costs of insurance products provided by different insurance providers. Therefore, in order for insurance businesses to stay competitive in the market, they must provide insurance products at reasonable pricing (Safitri et al., 2023).

4. METHODOLOGY

The qualitative methodology, which incorporates semi-structured interviews, thematic analysis, a triangulation approach, and is based on an interpretivist research philosophy, guarantees a thorough investigation of customer experiences and intents in the broader context of digital Bancassurance.

The research methodology is predominantly interpretive. Understanding and interpreting the meanings that people attribute to their experiences, behaviors, and interactions within a particular context is a key component of interpretivism. It recognizes that reality is a construct influenced by social and cultural factors. Interpretivism fits in well with the research's purpose of understanding consumer perceptions and intents about digital Bancassurance since it focuses on customer viewpoints and goals.

5. INTERVIEWS

A key method in qualitative research, semi-structured interviews enable in-depth examination of participants' viewpoints and experiences. Semi-structured interviews offer a flexible yet guided method for gathering detailed information on client perceptions and intentions towards digital Bancassurance in the context of this study.

6. INTERVIEW CHARACTERISTICS

Following are the interview characteristics.

Respondent Code	Gender	Method
JQ_1	Male	Face to Face
AHS_2	Male	Face to Face
MF_3	Male	Face to Face
GR_4	Female	Face to Face
YP_5	Male	Face to Face
SJH_6	Male	Face to Face
NU_7	Female	Face to Face
JN_8	Female	Face to Face
BG_9	Male	Face to Face
WQ_10	Male	Face to Face

7. THEMATIC ANALYSIS

Thematic analysis is a method that is frequently used to find, examine, and present patterns (themes) in data. In order to create themes and subthemes that provide light on the study topics, the data must be carefully coded.

1. *Data Familiarization:* By reading the interview data several times, researchers become comfortable with the content and context.
2. *Initial Coding:* Initial codes are assigned to data segments relating to the study goals. This method aids in finding pertinent patterns and ideas in the data.
3. *Theme Development:* The development of themes involves grouping codes into probable themes and looking at connections between them. To appropriately portray the information, themes are clarified, identified, and given names.
4. *Review and Refinement:* Themes and subthemes are examined and improved to make sure they appropriately reflect the data and satisfy the study's goals. The analytical rigor is improved by this iterative method.
5. *Reporting:* Participants' statements are frequently used to exemplify each of the final themes and subthemes. This serves as the foundation for the research's qualitative results.

8. POPULATION AND SAMPLING

The population for this research is Bancassurance officials in life insurance sector of Pakistan. 10 interviews have been conducted for this research. Purposive sampling, sometimes referred to as judgmental or selective sampling, is choosing participants based on predetermined standards that are consistent with the goals of the study. This strategy is appropriate for this study because it enables the selection of individuals with pertinent knowledge and ideas on Bancassurance.

9. TRIANGULATION APPROACH

To increase the validity and dependability of the study findings, triangulation entails using different techniques, data sources, or researchers. The use of methodological triangulation in this study has been made for The research issues may be explored more thoroughly and a wider range of viewpoints can be captured by combining qualitative (interviews, thematic analysis) methodologies.

10. RESULTS

Following themes obtained through interview transcripts.

11. THEME 1: CUSTOMER PERSPECTIVE AND INTENTION TOWARDS INSURER

11.1 Sub Theme 1.1: Reliability and credibility of Insurer

11.1.1 Field Note

*"…Customers voice doubts over the legitimacy of insurance services provided through digital platforms, highlighting the significance of reliable and credible collaborations between banks and insurers…"*NU_7.

11.2 Sub Theme 1.2: User experience and Usability

11.2.1 Field Note

*"…Customer emphasize the value of user-friendly designs and intuitive interfaces in digital Bancassurance platforms, showing a preference for programmes that make their entire experience better…"*WQ_10.

12. THEME 2: DIGITAL LITERACY AND EXPERIENCE OF CUSTOMERS

12.1 Sub Theme 2.1: Digital literacy and convenience

12.1.1 Field Note

*"…Customers with greater levels of digital literacy are more convenient in browsing digital Bancassurance systems, demonstrating how technological familiarity impacts their propensity to adopt…"*YP_5.

12.2 Sub Theme 2.2: Customer Service Experience

12.2.1 Field Note

*"…Emphasizing the influence of previous contacts on present intentions, digital Bancassurance is more likely to be adopted by those who have previously had favorable experiences with both banking and insurance services…"*MF_3.

13. THEME 3: OPTIMIZED FINANCIAL STRATEGIES

13.1 Sub Theme 3.1: Instant Customer Engagement

13.1.1 Field Note

*"…Customers like advice and solutions that are specific to them and are based on their financial habits, which suggest that instantaneous personalized interactions increase interest in digital Bancassurance and engagement…"*AHS_2.

14.2 Sub Theme 3.2: Measures taken on Enhancing Data Security

14.2.1 Field Note

*"…Users emphasize the need for strict data security regulations and value organizations that prioritize and publicly share their efforts to protect client data, which fosters confidence in the digital Bancassurance platform…"*JN_8.
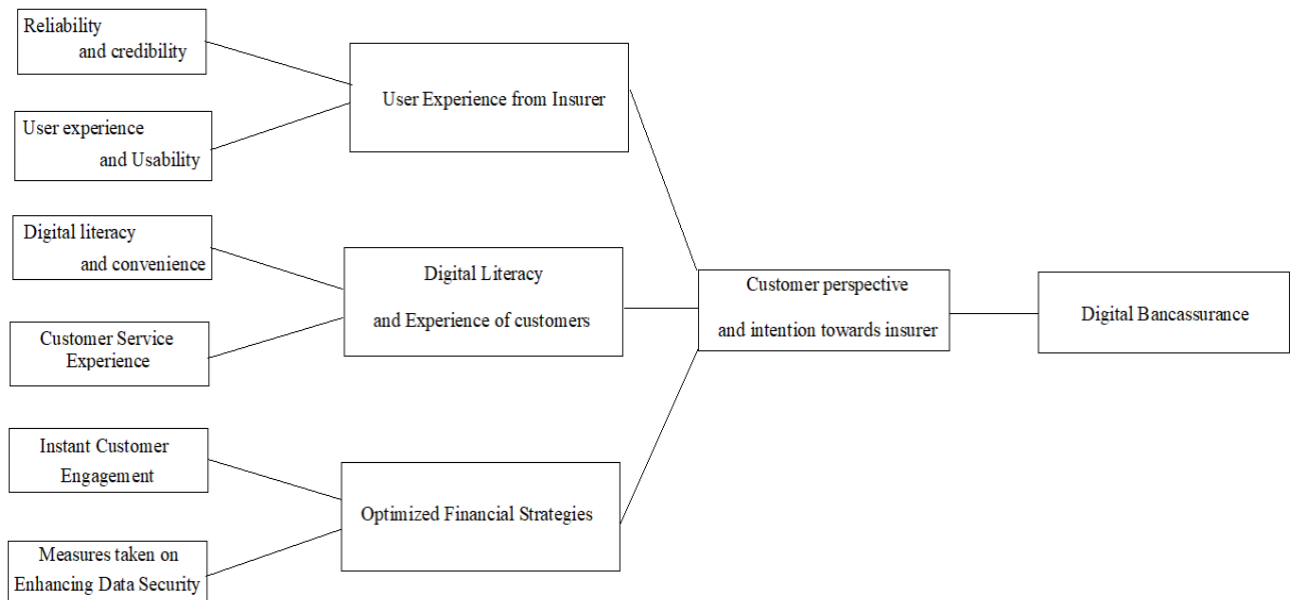
14. THEORETICAL FRAMEWORK

Figure1: Digital Bancassurance Optimization Model (DBOM)

15. DISCUSSION

The goal of the study using the digital Bancassurance optimization model (DBOM) is to examine the variables affecting customer perceptions and intentions in the area of digital Bancassurance. The first study question focused on what characteristics, including trust, perceived value, usability, and security concerns, were most important in shaping how consumers view digital Bancassurance. The theme analysis showed that credibility and trust were important elements influencing customer attitudes. Participants raised doubts regarding the legitimacy of insurance services made available through digital channels, highlighting the significance of reliable collaborations between banks and insurers. Participants were impressed with how simple it was to manage financial demands in a centralized manner, which highlighted perceived value and convenience. The importance of usability and user experience was also highlighted by participants, who emphasized the demand for user-friendly designs and intuitive user interfaces.

It was essential to address security issues, and participants emphasized the necessity for strong security measures to increase trust in digital Bancassurance systems.

The research identified many subthemes in answer to the second research question, which looked at how customer intentions about the adoption of digital Bancassurance are influenced by demographics, past banking and insurance experiences, and familiarity with digital technology. Younger participants had increased receptivity to digital Bancassurance due to their familiarity with technology, in contrast to older participants who voiced skepticism due to their inadequate digital literacy. Demographic effects played a major role. Additionally, it was discovered that earlier financial services experiences impacted adoption intentions. Digital Bancassurance adoption was more likely to occur among those who had excellent experiences with both banking and insurance services. Participants expressed confidence exploring digital Bancassurance platforms, demonstrating how acquaintance with technology positively affected their adoption intentions. Digital literacy and comfort appeared as significant characteristics.

The third study inquiry looked at methods that financial institutions might use to enhance digital Bancassurance services depending on the viewpoint and goal of customers. Three major subthemes were highlighted by the research findings. Participants praised customized advice and products based on their financial behaviors, establishing personalized client involvement as a critical tactic. The necessity for financial institutions to inform clients about the value of these integrated services was indicated, and education and awareness efforts were thought necessary to make clear the advantages and characteristics of digital Bancassurance. Users emphasized stronger data security safeguards, underlining the need for strict rules to protect client data and fostering confidence in the digital Bancassurance platform. entire, the results give financial institutions useful information about how to improve the entire client experience and optimize their digital Bancassurance services.

16. CONCLUSION

The "Digital Bancassurance Optimization Model" study has illuminated key elements influencing customer attitudes and intentions in the field of digital Bancassurance. Reliability, trustworthiness, usability, and convenience were shown to be important factors in determining how consumers perceive digital Bancassurance. Participants stressed the importance of safe and user-friendly experiences while expressing the need for a smooth and reliable integration of banking and insurance services on digital platforms. The learned lessons highlight the necessity for financial institutions to prioritize openness, an improved user experience, and strong security measures in order to win over customers and promote the wider use of digital Bancassurance.

The study examined how clients' aspirations for adopting digital Bancassurance were impacted by their demographics, past financial experiences, and digital competence. It was clear that demographic considerations had a big influence, with younger, more tech-savvy people showing more willingness to accept digital Bancassurance. Notably, participants' readiness to accept integrated digital services was impacted by earlier favorable experiences with financial services. Additionally, the need of targeted educational programmes to close the digital divide and enable a more inclusive adoption of digital Bancassurance emerged as a significant driver.

This research also gave financial institutions that wanted to optimize their digital Bancassurance services useful strategic insights. It was emphasized how important it is to personalize client engagement, run educational efforts, and implement stronger data security procedures. The use of individualized suggestions and educating clients on the advantages of digital Bancassurance were recommended as tactics to increase engagement and boost adoption rates. Furthermore, it is impossible to exaggerate how important data security is in fostering consumer confidence and

trust. In the quickly changing digital financial world, these methods are essential for assisting financial institutions in effectively optimizing their digital Bancassurance services and maintaining a customer-centric approach.

17. POLICY IMPLICATIONS

A top priority for policymakers should be the creation and implementation of strict data security laws tailored to the digital Bancassurance industry. To guarantee the safety of consumer data, secure transactions, and compliance with global data protection regulations, strict rules should be in place. These rules should be made mandatory for financial institutions, encouraging customer confidence in digital Bancassurance systems. Advocates for public policy should support extensive consumer education and awareness initiatives that emphasize digital Bancassurance. The development of instructional materials, workshops, and online resources can be facilitated by partnerships between regulatory agencies, financial institutions, and consumer advocate organizations. With the help of these activities, customers should be better equipped to make decisions by learning about the advantages, hazards, and responsible use of digital Bancassurance.

Establish regulatory frameworks for ongoing evaluation and supervision of digital Bancassurance platforms to guarantee adherence to predetermined requirements. Periodic reviews and audits may assist pinpoint problem areas, encourage ethical behavior, and uphold a high standard of customer service and security. By encouraging financial institutions to offer digital Bancassurance services in underserved and distant locations, policymakers may advance financial inclusion. Reduced licensing costs and regulatory flexibility are two examples of incentives that might encourage institutions to reach out to under banked and unbanked communities, hence extending financial access and coverage.

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