Chapter 7

Conclusion and Policy Implications

7.1 Introduction

This concluding chapter discusses the main findings of the study and draws conclusion as well.It also discusses managerial and theoretical implications of the study, and makes recommendation for further research.

7.2 Policy Implications and overall conclusion

Customers have favourable experience of buying insurance from bancassurance channel of State bank of India.This is a strong point for the bank. But customers' have favourable perception about agency channel of public sector life insurance companies (Vikas, 2011; Devi, 2008; Khurana, 2013; Bapat et al., 2014; Madan, 2012). Therefore, even a small decline in the customers' experience in bancassurance channel may lead to out swing of customers from bancassurance channel to agency channel of public sector life insurance companies.Therefore in order to maintain and upgrade customers' experience, State Bank of India should put emphasis on creating great customer experience throughout multiple channels (online channels and traditional brick and mortar channels) (Michaels, 2013). There should be clear communication to the customers about the features of policy (Varma, 2012; Breading and Partner, 2014). Apart from these, employees are also an important part in delivering positive customer experience. Banks should train their employees to become knowledgeable, motivated and engage in creating memorable customer experience (Varma, 2012).

Among all variables considered, only family income of customers influences customers' experience in bancassurance.Therefore, the policy makers should consider family income of the customers as one of the parameter while designing products and services for the customers. In case of selling insurance policy, Bank has a competitive advantage over traditional channel of insurance companies. This is because Bank has financial data of their clients. Therefore, bank can offer tailor made insurance solutions according to the financial position and requirement of its customers.Thefactors that affect customers' experience in bancassurance are ease of buying, getting maturity benefit, reliability of the channel, responsiveness of the channel, after- sales service, getting stock market linked information and accuracy of the channel.Therefore, bank should focus on bringing ease of buying for the customers in order to maximize the customers' experience. The bank should also ensure the reliability of bancassurance channel

The study also identifies factors responsible in forming unfavourable experience among customers. One such factor is in case of giving occasional gifts to customers. Giving occasional gifts creates positive switching barriers for customer (Kovesi and Demontrond,2010) that affirmatively affects customers' experience with the service provider. This is because switching barriers influence the degree to which customers experience a sense of being locked into a relationshipwith the service provider(Allen and Meyer, 1990). This means if the customer experiences 'wanting to be' (positive) statusin a relationship or 'having to be' (negative) condition in a relationship(Hirschman, 1970). In this context providing positive switching barriers creates affirmative reason to remain and reflect wanting to be in a relationship (Hirschman, 1970; Han, 2007).Other

features like keeping customers informed about new policy coming into market and informing customers regarding changes in rules and regulation of insurance service are identified as responsible for unfavourable customer experience in bancassurance. In this regard, bank should focus on communication management to enhance customer experience (Breading and Partner,2014). Various channel of communication may be used for expanding the contact with customers. This will improve customers' experience(Laukkanen, 2007; Yap et al., 2010; Ioannou and Zolkiewski, 2009).

Customers have highly favourable perception regarding reliability, responsiveness, empathy and assurance of bancassurance channel. This indicates good prospect for the bank. Customers also perceive that bank has adequate tangible infrastructure.This 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 and Rajasekar and Kumari, 2014). All these are definitely strong points for the bank.Regarding compliance, customers have moderate perception. This is a matter of concern for bank. This is because compliance plays a key role in selling insurance policy. Maintaining compliance enhances policyholders' experience (Ernst and 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 effects the value creation in a bank. It helps in strengthening public confidence in bank (Mundra, 2014). Therefore in order to enhance client base and to retain existing clients through insurance service, banks need to focus on this aspect. Bank should

periodically review its state of affairs and activities and also impart continuous training for its human resources.Therefore, banks should work upon the improvement of customers' perception regarding tangible infrastructure and compliance. In this respect, bank can rely upon the use of technology (Brige, 2006).

Among demographic variables considered, marital status, number of family members and family income of customers influence customers' perception regarding reliability of bancassurance channel of State bank of India.Regarding customers' perception of responsiveness, age, education, marital status, number of family members of customers has an impact. Number of family members of customers influences customers' perception of empathy. Customers' perception of compliance is influenced by family income of customers.Customers' perception regarding assurance has no association with demographic variables considered in the study. Similarly customers' perception regarding tangibility has no association with demographic variables.

Customers have very favourable expectation from bancassurance channel of State Bank of India. To have favourable customer expectation indicates of favourable customer experience (Johnson and Mathews, 1997;Davidow and Uttal 1989; Zeithaml et al. 1990). This posits as an affirmative spot for bancassurance channel. However having very favourable customer's expectation also creates challenge for bancassurance channel. This is because high expectations signal the high level of customer hopes and wishes that they want to be fulfilled, thus failure to meet these expectations may result to customers cutting down on purchase (Zeithaml, Bitner and Gremler, 2009). If service drops below

customers' expectation, customers get frustrated and this may cause dissatisfaction with the service provided by the company, and there may be out-swing of customers to competitors (Zeithaml, Bitner and Gremler, 2009). Moreover customers' expectation can change at any time because consumers are aware of alternative service providers in this ever-growing industry (Lather et al. 2012). Therefore, bancassurance channel must manage to maintain this favorable customer expectation. To manage customer expectation, bancassurance channel should make real promises (both explicit and implicit) (Zeithaml et al., 2013). The study also shows that customers have high expectation for all the factors considered in the study. This is a matter of concern for bank. The bank has certain limitations in providing insurance service to customers. Therefore bank has to manage customer expectation in a realistic way. For this, the channel should promise exactly what will ultimately be delivered and fulfill the promises made. This means that bancassurance channel should attempt to create not only attractive but most importantly realistic expectation among customers.For this, the management can carve policies accordingly. The advertising strategies which include brochures, media and word of mouth advertising should be well developed so that it creates right frame of expectation among customers. The employees must be trained properly to make real promises and not to do overpromises for obtaining business (Davidow and Uttal 1989; Zeithaml et al., 1990; Johnson and Mathews,1997).Expectation level of customers is a cumulative expression of the degree of their awareness level with regards to the service/product (Lather et al., 2012). Hence, the regulatory bodies can appoint an agency or organization for creating mass awareness among people regarding

insurance service. IRDA in collaboration with RBI can introduce an independent agency or can assign Department of Consumer affairs to spread awareness among customers regarding insurance service. Increase in awareness level will mouldexpectation of customers regarding insurance service.China Insurance Regulatory Commission (2007) has called attention to compliance of insurance business in accordance with established rules and regulations. The commission lays emphasis on the fact the insurance companies and employees involved in insurance selling must adhere to related laws and regulation of insurance service. Similarly the regulatory bodies governing insurance service in India can also monitor and draw out rules for the organization carrying out insurance operation to comply with the promises they make to the customers.

Demographic variables have no influence on customers' expectation from bancassurance channel.Thus considering demographic factors while framing policies to manage customers' expectation is irrelevant.

Majority of customers are not satisfied with bancassurance channel of State Bank of India.It is worth noting that in spite of having favourable experience with bancassurance channel, majority of the customers are not satisfied. This is because customers' expectations play a role in customers' satisfaction (Oliver, 1980). The factor affecting the satisfaction level of customers is the expectation of customers from bancassurance channel. To state precisely, it can be mentioned that favourable experience may not always lead to satisfaction of customers.

It can be said that the decline in customers' satisfaction in bancassurance channel is due to high expectation customers have attached to this

channel.Customers have very high expectation from bancassurance channel because bank always places itself in a positive and glamorous way to the customers through advertisement, communication etc. Products of banks are promoted in a positive way. This results in creating immense expectation among customers. On the contrary, insurance companies indulge in negative promotion, defaming their competitors. This has engulfed the insurance industry with negative vibes. So does the case with customers dealing with insurance companies. Therefore when a customer buys insurance from bank his expectations are governed by the images about the bank that he has in his mind. But in reality bank is the intermediary in insurance selling and not the actual insurance service provider. Insurance service provider is totally different entity. But a customer who buys insurance from bank expects the bank as the service provider. Since the customer has giant expectation from the bank, his experience from bancassurance channel does not lie align with his expectation. This is because the experience he is incurring from bancassurance channel is in reality the service outcome of insurance company. This creates a mismatch between customers' expectation and experience with bancassurance channel that ultimately lead to non satisfaction among customers. Bank assumes that the existing image of bank will help in selling insurance plans through bancassurance channel. Here lies the loophole. While selling/ promoting insurance plan, the bank should consider other insurance distribution channel as their competitor and not other competitor banks or insurance companies in market. Bank should assume itself as an insurance service provider rather than an intermediary. Bearing this notion in mind bank should carve unique strategy to promote the

bancassurance channel. The term expectation knows no boundary. Bancassurance channel cannot expect that a customer has completed his expectation series while entering through the door (Carman, 1990). Customers' expectation can change at any time because consumers are aware of alternative service providers in this ever-growing industry (Lather et al. 2012). Therefore, bancassurance channel must build expectation among customers that can be fulfilled.The customer expectation lies under the concept of fairness. Customers expect from the service providers to treat them fairly (Quadar, 2013).To manage customer expectation, bancassurance channel should make real promises (both explicit and implicit) (Zeithaml et al. 2013).

By doing these, bank can be able to form right frame of expectation in the mind of customers, thereby diminishing the gap between expectation and experience of customers regarding bancassurance channel.

The study also identifies factors where the gap between expectation and experience is relatively lesser. These are with respect to maintaining confidentiality of financial and personal information and helping the customers in filling up the forms. This shows the reliability (Choudhury and Singh 2015b) and responsiveness (Choudhury and Singh 2015c) of the bancassurance channel towards customers.

The study also identifies the factors where the gap between expectation and experience is relatively higher. With increase in gap between expectation and experience, the satisfaction level decreases. Thus, the aspects where the expectation experience gap is more can effect customers' satisfaction critically. One such aspect is in case of giving occasional gifts to customers. Bancassurance

channel should reward customers for their association with the bank. Giving occasional gifts to customer acts as switching barrier for customers to leave the bank (Fornell, 1992). This ultimately has positive effect on customer satisfaction (Julander and Soderlund, 2003; Chen and Wang, 2006). Another aspect is keeping customers informed about new policy coming into market. Bancassurance channel should inform customers about the new policy in the market. This is because among all marketing mix elements, product significantly influences customer satisfaction (Mamoun, 2012).Product variety and product innovation are found to be important factor influencing customer satisfaction (Titko et al., 2010; Ahn et al., 2004; Szymanki and Hise, 2000 and Athanassopoulos et al., 2001).Therefore the channel must aware customers about their wide range of insurance products and services in order to ensure customer satisfaction. Lastly, the feature of keeping customers informed about any changes in rules and regulation of insurance service is observed to have immense gap. Being a service business, bancassurance channel should focus more attentively on customers, in particular, communication toward customers (Ford, 1995). Every kind of changes regarding rules, regulation or price charge of insurance policy, must be communicated properly to the customers. This is because communication is essential part of service and can be used as one of the most important tool in satisfying the customers (Henry, 2009). There is a positive relationship between customer satisfaction and service provider's communication style (Webster and Sundaram, 2009; Hoang, 2011). Therefore to prevent decline of satisfaction level of customers, bancassurance channel must train employees regarding the new policies and any kind of changes in existing insurance rules and regulation. The

channel should monitor whether the employees are dispersing accurate and timely information to the customers.Among all demographic variables considered, only family income of customers influences customer satisfaction in buying insurance through bancassurance channel of State Bank of India.Thus policy makers should concentrate on framing strategies to uplift the level of customers' satisfaction irrespective of demographic factors of customers.

Customers satisfaction depends upon their expectation, perception and experience with bancassurance channel. In this study, it is found that customers have favourable perception and experience with bancassurance channel. In spite of this, customers are not satisfied with bancassurance channel. This is because customers have very high expectation from bancassurance channel. This led to decline in customers' satisfaction in bancassurance channel.

Customers have very high expectation from bancassurance channel because bank always places itself in a positive and glamorous way to the customers through advertisement; communication etc. products of banks are promoted in a positive way. This results in creating immense expectation among customers. On the contrary, insurance companies indulge in negative promotion, defaming their competitors. This has engulfed the insurance industry with negative vibes. So does the case with customers dealing with insurance companies. Therefore when a customer buys insurance from bank his expectations are governed by the images about the bank that he has in his mind. But in reality bank is the intermediary in insurance selling and not the actual insurance service provider. Insurance service provider is totally different entity. But a customer who buys insurance from bank expects the bank as the service

provider. Since the customer has giant expectation from the bank, his experience from bancassurance channel does not lie align with his expectation. This is because the experience he is incurring from bancassurance channel is in reality the service outcome of insurance company. This creates a mismatch between a customer's expectation and experience with bancassurance channel. Bank considers that the existing image of bank will help in selling insurance plans through bancassurance channel. Here lies the loophole. While selling/ promoting insurance plan, the bank should consider other insurance distribution channel as their competitor and not other competitor banks or insurance companies in market. Bank should assume itself as an insurance service provider rather than an intermediary. Bearing this notion in mind bank should carve unique strategy to promote the bancassurance channel. By doing this, bank can be able to form right frame of expectation in the mind of customers as well as boosting up their insurance sales.

7.3 Suggestions

- To upgrade customers' experience, bank should put emphasis on creating great customer experience throughout multiple channels (online channels and traditional brick and mortar channels). There should be clear communication to the customers about the features of life insurance policy. Apart from these, employees are also an important part in delivering positive customer experience. Banks should train their employees to become knowledgeable, motivated and engage in creating memorable customer experience.

- Bank should focus on communication management to enhance customer experience. Use of ICT can be considered for this purpose. Various channel of communication may be used for expanding the contact with customers. This will improve customers' experience.
- Bank should try to create ease of buying for the customers in order to have favourable customer experience followed by providing help in getting maturity benefit by the customers. Service providers should also ensure the reliability of channel.
- Bank should attempt to create not only attractive but most importantly realistic expectation among customers.For this, the management can carve policies accordingly. The advertising strategies which include brochures, media and word of mouth advertising should be well developed so that it creates right frame of expectation among customers. The employees must be trained properly to make real promises and not to do overpromises for obtaining business.
- IRDA in collaboration with RBI can introduce an independent agency or can assign Department of Consumer affairs to spread awareness among customers regarding life insurance service. Increase in awareness level will mould expectation of customers regarding life insurance service.
- Bank must train employees regarding the new policies and any kind of changes in existing insurance rules and regulation. The channel should monitor whether the employees are dispersing accurate and timely information to the customers.

- For better customer service, the bancassurance channel must focus on updated technology, good infrastructure, training of employees on behavioural and technical aspects.

7.4 Limitations of the study

The present study focuses on customers' experience and perception regarding life insurance service provided by bank channel and customer satisfaction from the Bancassurance services. In Bancassurance, two companies are involved in rendering of service, one is the bank and the other is the insurance companies. So, the service to be received by the customer is also of two dimensions. One is bank related service and the other is insurance company related service.

- In the present study, only the insurance services provided by the SBI will be studied and insurance company specific services will not be considered.
- The present study considers those customers who have bought Life Insurance Policy of SBI Life from State Bank of India. Therefore the finding cannot be generalized for bancassurance channel of other insurance companies
- The survey was conducted in Guwahati city of Assam. Thus the finding of this study cannot be generalized for other geographical region.
- The responses were collected in the year 2013-2014. This time limitation effect the study because the rules and regulations related to banking, insurance and most importantly for bancassurance keep on changing.

- When the study was started, the bancassurance model did not gain much pace in Guwahati city, thus the numbers of respondents were less as on date mentioned in the study. The model gained momentum in due course of time.

7.5 Scope of future research

Experience and satisfaction of customers buying life insurance from private banks can be analyzed. Similar study can be done in different cultural and geographical settings. Further a comparative study among customers' experience and satisfaction of buying life insurance from private and public bank can also be carried out. Comparative study of customers' experience, perception, satisfaction in bancassurance channel and agency channel of insurance service can also be explored. Change in customers' experience,perception and satisfaction occurs over the years and among different groups of people. For this, longitudinal and cross sectional study can be done.