Title: Experience and Satisfaction of Bancassurance Customers: A Study on State Bank of India

1. Introduction

The term bancassurance itself denotes the meaning. Bancassurance is a combination of two words, 'bank' and 'insurance'. This is a business model where bank sells product of insurance companies through banks established distribution channel. Bancassurance is a blending of banking and insurance business. In this arrangement bank sells the insurance plans along with a complete range of banking and investment products and services to its existing client base.

The first countries to experience the evolution of bancassurance were Spain and France. In India, it originated in the year 2000 and State Bank of India was the precursor of bancassurance venture in India. On December 28, 2000, the State Bank of India (SBI) announced a joint venture partnership with Cardif SA (the insurance arm of BNP Paribas Bank), the third largest insurance company in France. The result is the formation of SBI *Life*, the first bancassurance venture in India.

2. Statement of the problem

The banking sector in India now operates in a more competitive environment than ever before. In the changed environment, creating new customers and retaining the existing ones have become difficult tasks for banks. In order to meet the customers varying needs and demands, and to improve their margins, banks have entered into the agreement with the insurance firms to sell their product. This provides new challenges as well as opportunities both for the banks and customers. The service uses to be received by the customers from their insurance companies are also changing. It is to a large extent attributable to the new intermediary that is bank instead of agent. Insurance industry has been growing at a commendable rate and Bancassurance has grown rapidly during the last 5 years (Momeni, A.R. and Ramesha, K., 2011). Bancassurance offer huge business potential for banks and insurance companies because of growing economy and banking and insurance sector and it has a huge potential in India (Shah, H. A. 2008). Shukla, R. K.; Bhatt, P; Shrivastava, S(2012) found in their study that Customers who acquired insurance policy from the banks were more satisfied for availing more customized services. In the light of these, the experience of the customers, perception of customers and their satisfaction level towards this new mode of getting insurance in lieu of the insurance service provided by the agents needs to be studied for better understanding and draw suitable policies in this respect.

3. Review of literatures

a. Literatures related to customer experience

Grewal et al. (2009) studied the factors affecting customers' experience in retail banking and emphasized that service delivery and service quality shape customer experiences. Backstrom and Johansson (2006) concluded that friendliness of the bank personnel, their competence and knowledge about the products and services offered, as well as a pleasant and welcoming branch environment, can lead to an enhanced customer experience. The branch layout and design has a significant impact on the customer experience. Ng (2002) finds that the physical features of the retail outlet such as the layout and background music influence customers' experiences. Various channels may be used for efficient and seamless delivery of services with a focus to broaden the dialog and deepen the relationship between the advisor and the banking customer, hence improving the customer experience (Laukkanen, 2007; Yap et al., 2010; Ioannou and Zolkiewski, 2009). Ramathe (2010) found that past experiences, brand and prices impact customer experiences in retail banking. Accenture (2013) in their report concludes that in today's commoditized insurance environment, customer experience is becoming one of the primary drivers of differentiation in insurance industry. Delivering an exceptional and unique customer experience improves profitability by reducing costs, increasing retention and achieving a higher share of wallet. Capgemini and efma (2013) explains that insurers must enhance customer experience to improve retention. Their report reveals that only 30% of insurance customers report a positive 'insurance customer experience'. 70% of insurance customers are at risk of competitive attack or switching carriers due to absence of positive customer experience. Market leaders in insurance business have viewed customer experience as a means to demonstrate true customer centricity. They are rightly focusing on their claims processes as an important part of the overall policyholders' experience (Michaels, 2013). The customer experience delivered by many providers in the UK insurance industry still appears to be quite poor (Microsoft, 2015). Breading and Partner (2014) in their research report assesses how the insurers in North America are leveraging customer communications and document management to enhance the customer experience. Customer communication management is initiated in insurance industry to provide personalized experiences to customers (Cognizant, 2013). There are other researchers who have considered customers' experience in bancassurance. Morgan (1994) emphasized the need to create integration as fundamental to the customer's experience of Bancassurance. Berghe and Verweire (2001) in their study have mentioned that experience of customers for insurance service through bank is high as banks have developed a strong customer focus resulting in simpler and more transparent products designed for the large customers. Cotham, Ross and Rajagopalan (2008) explore the scenario of Bancassurance in the market of Asia (China and India) from consumer's point of view. The study concludes that the customer experience is far from delightful. Choudhury and Singh (2015a) found that customers have favourable experience of buying insurance policy through bancassurance channel.

Demographic variables are one of the major factors determining consumer experiences and subsequent behaviour (Tinne, 2012; Gareth, 2011; Shaw, 2012). Customers' gender, age, monthly income and level of education play a decisive role in improving customer experiences (Mhlanga et al., 2015; Geissler & Rucks, 2011; Chung & Kim, 2011). Lee (2011) founds that age, income, educational level, marital status, ethnicity and gender influence customers' experience. Customers with different demographic characteristics tend to have different experiences (Rahman, 2012). Kivela *et al.* (2000) found that there is significant difference in experiences of the customers of different genders. Customers' experiences of the level of service vary according to gender (Kotler and Keller, 2006). Several authors (Auty, 1992; Kivela 1997; Meredith, Scheweand & Karlovich, 2002; Folkman & Bellenger, 2003; Mohsin, 2005; Siegel, 2002) found significant differences in the experiences of customers from different age groups. Customer's experience varies with age (Neal et. al, 2002). Liu and Jang (2009) and Bowie and Buttle (2006) found a significant difference in overall experiences of customers from different monthly income groups. There tends to be a significant difference in overall experiences of customers from different monthly income groups (Kivela *et al*., 1999). Spielberg (2005) posits that education influences people's experiences. Zheng (2010) and Bowie and Buttle (2006) also found significant differences in overall experiences of customers with different levels of education.

b. Literature related to customers' perception

There have been numerous studies on measuring the perception of customers. Zeithaml et al., (2009) founds that perceptions of customers are the results of customers' comparisons of expected service with perceived service. Customers' perception towards service quality is difficult to quantify. However, it is measured by ensuring that a service is provided as per customers' perception and expectation (Renganathan et al, 2012). Dabholkar et al. (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, namely 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 four dimensions namely service system quality, behavioral service quality, service transactional accuracy and machine service quality. Popli and Rao (2009) studied the Indian customers' perception of the new channel of bancassurance and emphasized trust, personal relationship and convenience as the main reason for buying insurance products from bank. Ali and Chatley, (2013) measured the customers perception towards bancassurance considering the dimensions like ease in premium payment, timely intimation of policy details and staff behavior. Factors like payment equity, experience, image, service convenience, interpersonal relationship and trust affect customers' perception in buying insurance from banks (Fan et al., 2011). Customer perceives bancassurance channel as an authentic source to purchase insurance policy (Satsangi 2014; Kumari, 2012). Soni and Rao (2014) and Choudhury and Singh (2015b) have measured the customers' perception using psychometric scale towards bancassurance with respect to the channel's reliability. Tiwari and Yadav (2012) found that customers' perceive bancassurance channel as trustworthy and safe. Choudhury and Singh (2015c) studied the customers' perception using psychometric tool towards responsiveness of bancassurance channel. Khurana (2013) has studied the gap between customer's expectation and perception towards the reliability dimension of service quality in Indian life insurance industry. Another study by Duodu and Amankwah (2011) concluded that reliability has a significant impact on customer satisfaction in insurance industry in Ghana. In the life insurance industry in India, responsiveness dimension of service quality provides maximum customer satisfaction (Goswami, 2007). There is highest correlation between responsiveness and customer satisfaction (Parthivan, 2014)**.** Singh and Kaur (2011) in their study reveals that responsiveness, tangibles, services innovation, reliability and accessibility, assurance, pricing and other facilities, problem solving capability and convenient working hours are the main determinants of customer satisfaction in insurance industry as perceived by the customers. Safety and security, risk coverage and agent's cooperation are the factors that are perceived by the customers as the main motivators to buy the insurance products from agency channel (Karthiga and Vadivalagan, 2013). Sandhu (2011) aimed to measure customer's perception towards life insurance service quality of Life Insurance Corporation of India. The results of the study concluded that proficiency; physical and ethical excellence; and functionality has significant impact on the overall customers' perception towards service quality of LICI. Rajan and Gomatheeswaran (2013) have found that customers do not value a bank if it is a public or private but they give importance to how conveniently they get their products/services. Singh and Kaur (2011) studied customer perception of service quality in rural and urban banks. Employee and customer perception of service quality are related with each other in retail bank (Clark, 1997).

The most significant work in the context of customer's perception is done by Parasuraman, Berry and Zeithaml (1988). They developed SERVQUAL scale to measure customer's perception of service quality. The scale consists of five dimensions. These are tangibility, reliability, responsiveness, assurance and empathy. The SERVQUAL instrument has been the predominant method used to measure customers' perceptions of service quality (Van, et al., 2003). SERVQUAL has been extensively used to measure service quality of financial services (Bahia and Nantel, 2000; Lassar et al., 2000; Cui et al., 2003; Guo et al., 2008). Saraswati (2011) and Khare (2011) aimed to measure customers' perception in private banks by using SERVQUAL scale. Glaveli et al (2006) examined the difference in customers' perception of five Balkan countries: Greece, Bulgaria, Albania, Fyrom and Serbia. Arasli et al (2005) aimed to measure the perception of Greek Cypriot bank customers. Tsoukatos and Rand (2006) applied SERVQUAL scale in their study of customers' perception of Greek insurance industry. Vikas (2011) and Bapat et al. (2014) applied SERVQUAL scale to measure customers' perception in public and private insurance companies.

c. Literatures related to customer satisfaction

Venkatesh (1987) found that better and personal servicing to the customers results in satisfying the policyholders. In case of Life insurance Company, majority of the policyholders is satisfied with premium rates fixed by Life Insurance Company and with service of agents at the time of maturity (Narasima murthy, 1996). In insurance service, employees who directly deal with the consumers must be trained and empowered to educate consumers which will ultimately lead to consumer satisfaction (Anjor et al. 2014). Other author likes Goswami (2007), Parthiban, (2014), Singh and Kaur (2011), Siddiqui and Sharma (2010) also studied customers' satisfaction in insurance industry. Parmjit and Meenakshi (2010) in their study found that satisfaction with product offerings is the primary driver of overall customer satisfaction in case of insurance industry. Trust, competence, and product appropriateness play an integral part in customer satisfaction in life insurance (Kuhlemeyer and Allen, 1999). Vazifehdust and Farokhian (2013) found that access, customer response time and trust effect customer satisfaction in insurance industry. Epetimehin (2011) stated that market segmentation can be used for improving customer satisfaction in insurance industry. Considerable numbers of studies have been conducted about customer satisfaction in banking industry. Mandal and Bhattacharya (2013) and Ganguli and Roy

(2011) explored the dimensions that effect customer satisfaction in Indian retail banking. Estiri et al. (2011) revealed that value proposition quality and service delivery quality are the two major factors driving customer satisfaction in Islamic retail banking. Al-Eisa and Alhemoud (2009) found that fast service, courtesy and helpfulness of employees and availability of self-banking services are the critical factors for customer satisfaction in retail banks in Kuwait. Kanning and Bergmann (2009) found that major factors affecting customer satisfaction in the German retail banking sector were performance of banks and fulfillment of customer expectations. Molina et al. (2007) showed that confidence benefits have a direct, positive effect on the satisfaction of customers with their bank in Spanish retail banking. Ndubisi and Wah (2005) found that five key dimensions, namely competence, communication, conflict handling, trust, and relationship quality were the major determinants of customer satisfaction in the Malaysia. The dimensions of customer satisfaction in the Chinese retail banking sector was studied by Zhou (2004). Jamal and Naser (2003) found service quality as an important determinant of customer satisfaction in the retail banking sector of Pakistan.

Customer satisfaction enhances customer loyalty, improved reputation, lower down price elasticity, lower the cost in future transaction and also increase employees competence (Anderson et al. 1994; Fornell, 1992; Swanson and Kelly, 2001; Pont and McQuilken, 2005). Research has also been conducted to determine the factors affecting customer satisfaction in retail banking by various researchers like Lassar et al. (2000), Johnston (1997), Levesque and McDougall (1996), Moutinho and Brownlie (1989), Goode et al., (2001), Cheung and Wai-Ming, (2012) and Hansen and Sand (2008). In bancassurance service, customer benefit, acquisition cost, value added service and customer's trust effect customer satisfaction (Rajan and Gomatheeswaran, 2013). Customers are satisfied with the assistance provided in bancassurance service to choose better plans (Banudevi, 2013). Customers who acquired insurance policy from the banks were satisfied for availing customized services (Shukla et al. 2012).

d. Literatures related to customers' expectation

A report by FIS (2015) showed that 77% bank customers cite gap in their expectations from bank. The areas where customers' expectations fall short of are fairness, reliability, transparency and obtaining financial advice. The research conducted by Vivekanandan and Jayasena (2012) concludes that customers expect the bank to provide a high level of service more than the electronic-based solutions per se. Nabi (2012) in his research aimed to measure customer expectation in private sector banking industry of Bangladesh. Marinkovic and Senic (2012) discovered three general factors that impact banking service expectations. These are customer respect and understanding, which includes measures such as personal attention to clients, bank staff courtesy, respect for clients, understanding financial needs of client. The second factor is professionalism, which includes variables such as accuracy of the delivered service, promptness in providing a service, employee appearance, etc. The third factor is image that included variables such as bank image, branch image, modern equipment and its image compared to the competitors. Nielson et al. (1998) examined the business institutions' expectations from the banks and mentioned that long-term relationship, competitive prices for services, efficient operations are main factors of expectation. Other factors included bank's knowledge of industry and market, personal relationship, convenient location, delivery of services, quick decisions, financially health, creativity, and new technologies. Howcroft et al. (2007) also studied banking customer's expectation. Dhar and Kushwah (2009) in their study of banking services mentioned that the factors influencing customers' expectations were responsive attitude, reliability, tangibles, convenience, assurance and empathy. Mahalakshmi and Kanchana (2015) in their study mentioned basic expectation of customers towards the bank. These are end to end transparency, Global Transaction Banking, experience driven distribution model, solutions driven from customer's pain points, embedded risk understanding and management and banking technology to integrate into customers' internal IT systems.

4. Objectives of the study

The present study considers the following objectives:

1. To study the experience of the customers availing life-insurance services from State Bank of India in the area under the study.
2. To know the perception of the customers availing life-insurance services from State Bank of India in Guwahati.
3. To determine the level of satisfaction of Bancassurance customers of State Bank of India in Guwahati.

5. Hypotheses of the study

Following are the null hypotheses considered in the study:

- There is no significant association between demographic variables and customers' experience with bancassurance.
- There is no significant difference amongst customers' perception towards compliance, tangible infrastructure, reliability, responsiveness, assurance and empathy.
- There is no significant association between demographic variables and customers' perception of bancassurance.
- There is no significant difference between expectation and experience of customers buying life insurance service from State Bank of India, Guwahati.

6. Research questions

The study aims to seek answer of the following research questions

1. What is the overall level of experience of customers of bancassurance channel?
2. What are the factors affecting the experience of customers of bancassurance channel?
3. What is the level of perception of customers of bancassurance channel with respect to different aspects?
4. What is the overall customers' expectation from bancassurance channel?
5. Is there any impact of demographic variables on customers' expectation?

7. Research methodology

The study is conducted using the following research methodology:

a. Universe of the study

The universe of the study consists of all those customers of 37 branches of State Bank of India, Guwahati who have received life insurance related services through the different branches of State bank of India.

b. Sample units and Sample size

Using random sampling design from the population of 3315 customers (as on 11th March, 2013) at 95% confidence level and 5% confidence interval, a sample of 345 customers is obtained. This sampling unit is the customers of the bank who have bought the life insurance product from the bank.

c. Data collection

The study is mainly based on primary data. The tool of "structured questionnaire" is used to collect the necessary information relevant for the study. For secondary data, official reports and records, journals, newspapers, magazines are assessed.

d. Development of Questionnaire

Based on literature review, experts' opinion, pilot survey and own observation, a questionnaire is developed. Questionnaire is developed for collecting primary data from the bank customers who have availed life insurance service from the bank. Customers' experience is considered as latent variable. To measure this latent variable, 31 items were considered. The detail of questionnaire is enclosed in the appendix. For measuring customer experience, the responses on items mentioned in the questionnaire were obtained on a five-point scale ranging from very favourable experience to very unfavourable experience. Some of the questions were in reverse scaling to ensure accuracy of response.

Customers' perception is measured with respect to six dimensions namely compliance, tangible infrastructure, reliability, responsiveness, assurance and empathy. 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. The detail of the questionnaire is attached in appendix. Thus, the responses regarding the statements considered for each of the selected dimension were obtained on a five-point scale ranging from very high level of compliance, tangible infrastructure, reliability, responsiveness, assurance, and empathy respectively to very low level of compliance, tangible infrastructure, reliability, responsiveness, assurance, and empathy respectively. Some of the questions were in reverse scaling to ensure accuracy of response.

To measure customer satisfaction of bancassurance channel, 31 items considered under customer experience were taken into account. Respondents were asked to rate these 31 statements from the perspective of their expectation regarding these statements. Customers satisfaction is considered as a function of difference between "customers' expectation" and "customers' experience" of 31 items considered in the questionnaire. For measuring customers experience and expectation, the responses on above mentioned items were obtained on a five-point scale ranging from very favourable experience/expectation to very unfavourable experience/expectation.

Besides, demographic information is also collected from the respondents. The demographic information includes age, gender, marital status, number of family members, family income, education and occupation of customers.

e. Administration of questionnaire

A list of 3315 customers was obtained on 11th march, 2013. Out of these 3315 numbers of customers, 415 numbers of customers were identified by using random table at 95% confidence level and 5% confidence interval. Then questionnaire was distributed among these 415 numbers of customers. Out of this, 350 filled up questionnaires were returned. After scrutinizing 350 filled up questionnaires, 5 questionnaires were found defective and incomplete. Therefore these 5 filled up questionnaires were rejected. Thus there were 345 questionnaires filled up accurately.

f. Data analysis

The reliability of the questionnaire is assessed by computing co-efficient alpha that measures the internal consistency of the items. To analyze the experience of the customers' regarding bancassurance channel, statistical tests like mean, standard deviation and Cronbach's alpha are used. Factor analysis is used for data reduction and to identify core factors that affect customers experience with bancassurance channel. For assessing the influence of demographic variables on customers' experience, multiple linear regression analysis with dummy variable is used. To investigate the perception of the customers' towards bancassurance channel, statistical tools like mean, standard deviation, One-Sample Kolmogorov-Smirnov Test, Friedman Test and value of Cronbach's alpha is used. The Kolmogorov-Smirnov (K-S) statistic is a nonparametric test statistic used to solve goodness-of fit problems (Sukkasem, 2010). The one sample Kolmogorov-Smirnov test is used to test whether a sample comes from a specific distribution. Introduced by Kolmogorov (1933), this test is used to determine whether a sample comes from a population which is normally distributed. The Friedman test is a non-parametric statistical test developed by Milton Friedman (Milton, 1937; Milton, 1939; Milton 1940). The Friedman test is one of the nonparametric tests of multiple group measures. It is used to approve the null hypothesis that the multiple group measures have the same variance to a certain required level of significance (Brahmia and Strasbourg, 2014). For investigating association of demographic variables on customers' perception towards various dimensions considered, Cramer V test is applied. Cramér's V test is a measure of association between two nominal variables, giving a value between 0 and +1 (inclusive). It is based on Pearson's chi-squared statistic (Harald, 1946). To analyse customers satisfaction of buying insurance services from bank, statistical tools like mean, standard deviation, Cronbach's Alpha, Wilcoxon Signed rank test are used. Wilcoxon signed rank test is a non-parametric statistical hypothesis test. It is used in comparing two related samples, matched samples or repeated measurements on a single sample to find out if their population mean ranks differ. The test is named after Frank Wilcoxon (Wikipedia, 2015). Multiple linear regression analysis is used to study impact of demographic variables on customer satisfaction. To analyze the expectation of the customers' regarding bancassurance channel, statistical tests like mean, standard deviation and Cronbach's alpha is used. Cramer V test is used to analyze association between demographic variables and customers' expectation towards bancassurance.

8. Findings

Customer experience is considered as latent variable in the study. 31 items are considered for measuring this latent variable. The reliability of the scale is performed and coefficient of Cronbach's Alpha was found to be 0.908 for 31 items considered for the study. A very high value of Cronbach's Alpha (0.908) is indicative of very high degree of reliability of scale and it also shows that the items are highly correlated. This also indicates that the items considered for measuring the latent variable are actually measuring the latent variable, i.e., customers' experience.

For measuring customer experience, the respondents were assigned score on the basis of their experience regarding 31 items considered to measure customers' experience with bancassurance channel. The scores assigned were 5, 4, 3, 2, 1 denoting very favourable, favourable, moderate, unfavourable and very unfavourable experience respectively. Thus, for a scale consisting of 31 items the maximum possible score is 155 (31×5) and minimum possible score is 31 (31 ×1). The range is 124 [155(max)-31(min)]. Now if, 124 s divided by 5, 24.8 is obtained. This 24.8 is added to 31 (lowest possible score), then the range of 31 – 55.8 is obtained which denotes very unfavourable customer experience. Similarly, adding 24.8 with subsequent values, next higher range is obtained. In exhibit 1, its interpretation is given as follows:

Exhibit 1: Interpretation table

31-55.8	Very unfavourable experience
55.8-80.6	Unfavourable experience
80.6-105.4	Moderate experience
105.4-130.2	Favourable experience
130.2-155	Very favourable experience

The mean score found for the 31 items taken together and for all the 345 respondents is 105.47. It falls under favourable experience. Thus, it can be inferred that customers of bancassurance have ‘favourable experience’ with respect of getting life insurance related services from State Bank of India.

Though overall customers’ experience is favourable but, majority of customers fall within the range of having moderate experience with bancassurance channel.

Out of 31 items, the items contributing relatively more in creating favourable customer experience are identified as ‘getting help in filling up application form’, ‘not disclosing personal information of customers’ and ‘not disclosing financial information of customers’. The items relatively less responsible for creating favourable experience of customers are ‘information about changes in regulation of life insurance’, ‘information about new policy in market’, and ‘to get occasional gifts’.

After conducting factor analysis, seven factors are identified which affect customers’ experience with bancassurance channel. These factors are as follows in order of their importance:

a. Ease of buying,
b. Getting maturity benefit,
c. Reliability of the channel,
d. Responsiveness of the channel,
e. After- sales service,
f. Getting stock market linked information and
g. Accuracy of the channel.

Demographic variables considered in the study are age, gender, marital status, family income, number of family members, education and occupation. Multiple linear regressions with dummy variables is performed to assess the influence of demographic variable on customers’ experience. It is found that only income between 8 lakh to 11 lakh influences customers' experience. Others demographic variables do not influence customers' experience with bancassurance channel.

The study analyzes customers' perception regarding bancassurance by measuring perception of customers towards six dimensions namely compliance, tangible infrastructure, reliability, responsiveness, empathy and assurance. Number of statements considered in the study for measuring customers' perception towards compliance, tangible infrastructure, reliability, responsiveness, assurance and empathy are 2, 6, 9, 5, 5, and 4 respectively. The value of Cronbach's Alpha for perception of customers towards compliance, perception of customers towards tangible infrastructure, perception of customers towards reliability, perception of customers towards responsiveness, perception of customers towards assurance, and perception of customers towards empathy is found to be 0.814, 0.780, 0.922, 0.930, 0.772, and 0.834 respectively. These values of Cronbach's Alpha are indicative of very high degree of reliability of scale. It also shows that the items are highly correlated. It also indicates that the items considered for measuring the latent variables i.e. customers' perception regarding compliance, tangible infrastructure, reliability, responsiveness, assurance and empathy are actually measuring these latent variables.

It is found in the study that customers have favourable perception regarding reliability, responsiveness, empathy and assurance of bancassurance channel. Customers also perceive that bank has adequate tangible infrastructure for providing life insurance service. Regarding bank's compliance to insurance rules and regulation, customers perceive that bank has moderate compliance with life insurance rules and regulation.

The study also reveals that customers perceive that there is relatively higher compliance of bank with regard to providing of service as per IRDA norms and the compliance of bank is relatively low with regard to explaining product benefits as per IRDA norms.

The adequacy of ‘up to date equipment’ and ‘adequate furniture’ is perceived by customers relatively more in bank for bancassurance business. Customers perceive that tangible infrastructure is relatively weak for bancassurance business with respect to ‘internet facility’ and ‘convenient location of branch’.

In case of reliability, customers perceive that bank has relatively higher reliability with respect to the factor 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’.

Customer perceives that responsiveness of bank is 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’ and ‘providing insurance related service on favorable terms’.

Regarding assurance provided by bancassurance channel, customers perceive that the assurance of the channel is relatively high with respect to the factor like ‘feel free to talk about insurance related problems’ and relatively low with respect to the factor like ‘giving financial advice other than insurance’.

The study shows that customers’ perception with respect to empathy from the bancassurance channel is relatively high regarding the factors like ‘working hours convenient to customers' and relatively low empathy of bank regarding the factor 'trying to know actual insurance need of the customers'.

Most favourable perception is with respect to tangible infrastructure of banks for providing life 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 life insurance related norms and guidelines.

Friedman test confirms that the differences in the perception, i.e., customers' perception towards compliance, tangible infrastructure, reliability, responsiveness, assurance and empathy are significant. It means the differences in the mean values of customers' perception are significant and this difference is actually traceable in the population.

Among demographic variables considered, marital status, number of family members and family income of customers influence customers' perception regarding reliability of bancassurance channel. 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.

Customer satisfaction in bancassurance channel is identified by analyzing the gap between customers experience and expectation. Customer satisfaction is obtained when experience equals expectation or exceeds expectation. Non-satisfaction is obtained when experience is lower than expectation. This means that if the difference of expectation and experience is zero or negative, this indicates satisfaction. And if the difference is positive i.e. expectation is more than experience than customer is not satisfied.

The study presents that customers have very high expectation from bancassurance channel. Customers have high expectation for all the 31 variables considered in the study for measuring customers' expectation and none of the demographic variables considered in the study have any association with customers' expectation from bancassurance.

The study considers 31 items in the questionnaire for measuring customers' experience/expectation. Respondents were asked to rate these 31 statements from perspective of their experience/expectation from bancassurance channel. The coefficient of Cronbach's Alpha was found to be 0.996 for customers' expectation and 0.908 for customers' experience for the scale consisting of 31 items. This shows high degree of reliability of scale and also that the items measuring customers experience and expectations are highly correlated.

It is found in the study that majority of customers are not satisfied with bancassurance channel. There are 336 cases where overall expectation of customers is greater than overall experience of customers.

The study shows that the factors where the expectation-experience gap is relatively less or in other words, it can be said that with respect to these items the customers are relatively lesser displeased with the bancassurance channel are 'not disclosing financial information of customers to others', 'not disclosing personal information of customers to others', 'getting help while filling up the application form'. The factors where expectation-experience gap is relatively more or in other words, it can be said that these items are the source of relatively greater displeasure of customers of bancassurance channel are 'giving occasional gifts like diaries, calendars etc.', 'keeping customers informed about the new policy coming into market' and 'keeping customers informed about any changes in regulation with respect of Life insurance'.

The study also concludes that there is significant difference between expectation and experience of customers buying life insurance service from bank and the observed differences in the sample are also discernable in the population. This means that overall experience of the bancassurance customers are less than overall expectation of bancassurance customers.

The study finds that among all demographic variables considered, only family income influences customers' satisfaction in bancassurance channel. Only 3% of the variance in customer satisfaction is accounted by the independent variables i.e. demographic variables.

9. Policy Implications

The study finds that customers have favourable experience in case of buying life insurance policy from bancassurance channel. This is significant for bringing more customers and retaining old customers. This is definitely strong points for the bank, but yet there are scopes for the improvement in customers' experience as there are scopes to uplift them to the level of very high level too. 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.

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 customers that affirmatively affect 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 relationship with the service provider. This means if the customer experiences 'wanting to be' (positive) status in a relationship or 'having to be' (negative) condition in a relationship. In this context providing positive switching barriers creates affirmative reason to remain and reflect wanting to be in a relationship. 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. 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.

The study identifies seven core factors that affect customers' experience in bancassurance. These factors 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, service providers 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.

Since demographic variables hardly influence customers' experience, it is immaterial for the service providers to frame policy considering the demographic profile of the customers.

Customers perceive that bank has moderate compliance with insurance rules and regulation. This finding is a matter of concern for bank. This is because compliance plays a key role in selling insurance policy. Maintaining compliance enhances policyholders' perception as well as experience. Compliance with laws, rules and standards helps to maintain the bank's reputation and meet the expectations of its customers. The compliance function effects the value creation in a bank. It helps in strengthening public confidence in bank. 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 to its human resources.

The study finds that customers have very high expectation from bancassurance channel of buying insurance service. Having very high customer's expectation 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. 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. Moreover customers' expectation can change at any time because consumers are aware of alternative service providers in this ever-growing industry. 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).

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. In the short run this may seem less profitable. But in the long run, making real promises will make loyal customers in turn. Once customers come to know that the bancassurance channel provides what it promises, the customers will be attracted to the channel.

Expectation level of customers is a cumulative expression of the degree of their awareness level with regards to the service/product. Hence, the regulatory bodies can appoint an agency or organization for creating mass awareness among people regarding life 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 life insurance service. Increase in awareness level will mould expectation of customers regarding life 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.

It is found in the study that majority of customers are not satisfied with bancassurance channel. 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. To state precisely, it can be mentioned that favourable experience may not always lead to satisfaction of customers. Thus 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 enormous 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. Customers' expectation can change at any time because consumers are aware of alternative service providers in this ever-growing industry.

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. To manage customer expectation, bancassurance channel should make real promises (both explicit and implicit). 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 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. This ultimately has positive effect on customer satisfaction. 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. Product variety and product innovation are found to be important factor influencing customer satisfaction. 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 in service business, bancassurance channel should focus more attentively on customers, in particular, communication toward customers. 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. There is a positive relationship between customer satisfaction and service provider's communication style. 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.

The study shows that overall experience of the bancassurance customers are less than overall expectation of bancassurance customers. Thus, there is a scope of improving this scenario by arranging for better customer service in bancassurance channel. For better customer service, the bancassurance channel must focus on updated technology, good infrastructure, training of employees on behavioural and technical aspects.

Demographic variables hardly influence customers' satisfaction in bancassurance. Thus policy makers should concentrate on framing strategies to uplift the level of customers' satisfaction irrespective of demographic factors of customers.

10. Limitation 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.

11. 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.