

MEASURING CUSTOMER EXPERIENCE IN BANCASSURANCE: AN EMPIRICAL STUDY

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MJERENJE ISKUSTVA KORISNIKA BANKOOSIGURANJA: EMPIRIJSKO ISTRAŽIVANJE

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Preliminary communication

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Abstract

Purpose – This study attempts to investigate customer experience with respect to the bancassurance channel.

Design/Methodology/Approach – The study is based on primary data collected using a structured questionnaire from customers buying life insurance policies from SBI Life through different branches of State Bank of India in the city of Guwahati in the state of Assam, India. Cronbach's alpha was used to test the reliability of the questionnaire. Statistical tools, such as mean, standard deviation, and factor analysis were used to attain the objective of the study.

Findings and implications – The study found that customers have favorable experiences when buying life insurance through the bancassurance channel. There are seven core factors that affect customer experience in bancassurance: ease of buying, whether maturity benefit is received, reliability of the channel, responsiveness of the channel, after-sale services, stock market-related information, and accuracy of the channel. Banks should devise a strategy to sustain favorable experiences of their customers, as this enables banks to retain their existing customers while also attracting new ones.

Limitations – The study is restricted to customers buying life insurance policy from various branches of State

Sažetak

Svrha – Studija istražuje iskustvo korisnika pri kupovini police osiguranja u banci (usluga bankoosiguranja) kao prodajnom kanalu.

Metodološki pristup – Istraživanje se temelji na primarnim podacima prikupljenim korištenjem strukturiranog anketnog upitnika na uzorku korisnika koji kupuju SBI policu životnog osiguranja u različitim podružnicama banke State Bank of India u gradu Guwahati, savezna država Assam u Indiji. Pouzdanost anketnoga upitnika testirana je koeficijentom Cronbach alfa. Statističke mjere srednje vrijednosti i standardne devijacije te faktorska analiza korištene su da bi se ostvario cilj istraživanja.

Rezultati i implikacije – Istraživanje otkriva da korisnici imaju pozitivno iskustvo u kupovini police životnog osiguranja u banci kao kanalu prodaje. Utvrđeno je sedam glavnih čimbenika koji utječu na iskustvo korisnika pri kupovini osiguranja u banci kao kanalu prodaje, a to su: jednostavnost kupovine, dobivanje povlastica vezano uz dospjeće police, pouzdanost kanala, odgovornost kanala, poslijekupovne usluge, informacije o radu burzi te preciznost kanala. Banka bi trebala osmisliti strategiju održivosti pozitivnog iskustva korisnika jer će joj to omogućiti zadržavanje postojećih i privlačenje novih korisnika.

Bank of India in Guwahati, India. Therefore, longitudinal and cross-sectional research is needed to generalize the findings.

Originality – The study is first of its kind and hence original in nature.

Keywords – bancassurance, customer experience, bank, insurance, factor analysis

Ograničenja – Istraživanje je ograničeno na korisnike koji kupuju policu životnog osiguranja u različitim podružnicama banke State Bank of India u gradu Guwahati, savezna država Assam u Indiji. Zbog toga je potrebno longitudinalno i kros-kulturno istraživanje kako bi se ovi rezultati mogli generalizirati.

Doprinos – Ovo je istraživanje prvo ovakve vrste, a samim time i originalno.

Ključne riječi – bankoosiguranje, korisnikovo iskustvo, banka, osiguranje, faktorska analiza

1. INTRODUCTION

Recently, customer experience has attracted a great deal of attention within the financial service industry. This is because nowadays, customers do not hesitate to switch to the companies that are able to offer them better customer experiences (Shaw & Ivens, 2005). The term *customer experience* (CE) means the sum of all experiences a customer has with a supplier of goods or services over the duration of their relationship. It is a journey which makes the customer feel happy, satisfied, and justified with a sense of being respected, served, and cared for in accordance with his/her own expectations or standards. It starts with the first contact and continues through the whole relationship. The term can also be used to refer to an individual experience during one transaction or multiple transactions (Varma, 2012).

The banking industry has changed rapidly in the current, changing economic environment throughout the world. Financial deregulation and technological innovation have restructured the banking industry (Kumarswamy, 2012). To remain competitive in this financial metamorphosis, banks have begun to take innovative approaches towards banking (Sharma, Dhaundiyal & Srivastava, 2012). One such activity is the bancassurance business model. Bancassurance refers to the selling of insurance policies through a bank's established distribution channels (Aggrawal, 2004; Malik, 2014; Neelamegan & Veni, 2009; Viswanadham, 2005). It is the concept of selling insurance plans, along with a complete range of banking and investment products and services (Venugopal, 2011).

In the bancassurance business, banks face competition within the banking industry, as well as within the insurance industry. In an era of financial business, where products, prices, people, and technology are all so similar (Drotskie, 2009), it is a challenge for the bancassurance channel to attract and retain its customers. In such a scenario, differentiation is the key to success (Varma,

2012). In banking, customer experience is an important differentiator (Croxford, Abramson & Jablonowski, 2006). It is therefore the experience of customers that can make the difference in the bancassurance channel (Shaw, 2005) and enable the channel to develop a competitive advantage (Shukla, 2007).

In today's commoditized economy, customer experience is a critical differentiator for the bancassurance channel. This is because the significant things that customers remember, over and above a product or service, are related to their feelings about and perceptions of an organization derived through their experiences as customers (Drotskie, 2009). Providing good customer experience is also important because it affects customer satisfaction (Liljander & Strandvik, 1997) and creates customer loyalty (Yu & Dean, 2001; Pullman & Gross, 2004; Mascarenhas, Kesavan & Bernacchi, 2006). Considering all these aspects, the survival and growth of bancassurance depend not only on the assessment of its customers' experiences but also on the focus they place on the creation of positive customer experiences.

2. CUSTOMER EXPERIENCE IN BANCASSURANCE

Bancassurance is a fusion of banking and insurance. A number of researchers have studied customer experience in the banking industry. Grewal, Levy and Kumar (2009) studied the factors affecting customer experience in retail banking and emphasized that service delivery and service quality shape customers' experiences. Backstrom and Johansson (2006) concluded that the 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 enhanced customer experience. A branch's layout and design have a significant impact on its customers' experiences. Ng (2003) found 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 on broadening the dialogue and deepening the relationship between the advisor and the banking customer, hence improving the customer experience (Laukkanen, 2007; Yap, Wong, Loh & Bak, 2010; Ioannou & Zolkiewski, 2009). Ramathe (2010) found that past experiences, brand, and prices all impact customer experiences in retail banking.

Studies of customer experience have also been conducted in the insurance industry. A report by Accenture (2013) concluded that, in today's commoditized insurance environment, customer experience is becoming one of the primary drivers of differentiation in the insurance industry. Delivering an exceptional and unique customer experience improves profitability by reducing costs, increasing retention, and achieving a higher share of wallet. Capgemini (2013) explain that insurers must enhance customer experience to improve retention. Their report reveals that only 30% of insurance customers report a positive 'insurance customer experience'. Seventy percent of insurance customers are at risk of competitive attack or are prone to switching carriers on account of a lack of positive customer experience. Market leaders in the 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). In a 2014 research report, Breeding assesses how insurers in North America are leveraging customer communications and document management to enhance customer experience. Customer communication management is initiated in the insurance industry in order to provide personalized experiences to customers (Cognizant, 2013).

Other researchers have considered customer experience in bancassurance. Morgan (1994)

emphasized the need to create integration as fundamental to customers' experience of bancassurance. A study by Berghe and Verweire (2001) reported that the experience of customers with insurance services offered through their bank is high because banks have developed a strong customer focus, resulting in simpler and more transparent products designed for their large customers. Bancassurance channels are also regarded as reliable (Choudhury & Singh, 2015a) and responsive (Choudhury & Singh, 2015b). Cotham, Ross and Rajagopalan (2008) explore the scenario of Bancassurance in the markets of Asia (China and India) from the consumer's point of view. The study concludes that customer experience is far from delightful. Choudhury and Singh (2015c) found that customers have favorable experiences when buying insurance policies through the bancassurance channel.

Previous research studies, as mentioned in Section 2, undertook descriptive studies of customer experience in bancassurance. This paper attempts to investigate empirically customer experience in bancassurance by considering the dimensions identified in the previous studies. The paper also aims at identifying the core factors that influence customer experience in bancassurance.

3. OBJECTIVE OF THE STUDY

Customer experience plays a significant role in shaping the future of a product. Based on the previous experience of their customers, service providers try to design their product so as to enhance that experience. The present study attempts to analyze customers' experiences when buying insurance policies through the bancassurance channel.

4. RESEARCH QUESTION

The answer to the following questions will be sought in this study:

- a) What is the overall level customer experience in the bancassurance channel of SBI Life Insurance Company Limited?
- b) What factors affect customer experience in the bancassurance channel of SBI Life Insurance Company Limited?
- c) Are all these factors equally important; that is, do they equally affect customer experience in the bancassurance channel of SBI Life Insurance Company Limited?

5. RESEARCH METHODOLOGY

The study was conducted using the following research methodology:

5.1. Universe of the study

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

5.2. Sample units and sample size

Using a random sampling design from a population of 3,315 customers (as of March 11th, 2013) at 95% confidence level and 5% confidence interval, a sample of 345 customers was obtained. All these 345 customers had bought a life insurance product or received life insurance-related services through one of the branches of State Bank of India in Guwahati.

5.3. Data collection

The study was based on primary data and a structured questionnaire was used to collect the necessary information relevant for the study. For secondary data, official reports and records, journals, newspapers, and magazines were assessed.

5.4. Development of questionnaire

Customer experience is considered as a latent variable in the study. To measure this latent vari-

able, 31 items were considered. These 31 items were chosen by consulting various studies, such as Grewal et al. (2009), Backstrom and Johansson (2006), Ng (2003), Ramathe (2010) and Berghe and Verweire (2001). Apart from this, experts' opinions and the results of a pilot survey were also considered in framing the 31 items of the questionnaire. The items were given as follows:

- o Item 1 was related to explaining the features of an insurance policy in detail;
- o Item 2 was related to suggesting the most suitable policy;
- o Item 3 was related to not disclosing customers' financial information to others;
- o Item 4 concerned not disclosing customers' personal information to others;
- o Item 5 was related to convenience of paying the first premium;
- o Item 6 concerned the time required to get the policy document;
- o Item 7 concerned the accuracy of details in the policy bond/certificate as mentioned in the application form;
- o Item 8 was related to the correction of an inappropriate policy bond/certificate, if any;
- o Item 9 was related to medical examinations required before an insurance policy could be issued;
- o Item 10 concerned the customer's comfort with the type of information asked;
- o Item 11 concerned the customer's comfort with the type of document sought;
- o Item 12 was related to getting help while filling out the application form;
- o Item 13 concerned the payment of a renewal premium;
- o Item 14 was related to getting help with the revival of a lapsed insurance policy;
- o Item 15 was related to the procedure for the assignment of insurance policies for loans;

- Item 16 was related to getting a loan on an insurance policy;
- Item 17 was related to giving intimation regarding the date of premium renewal;
- Item 18 was related to intimation regarding the maturity amount;
- Item 19 was related to help in getting the maturity amount;
- Item 20 was related to the procedure for getting the maturity value;
- Item 21 was related to the time required for getting the maturity value;
- Item 22 was related to information about the fund value / surrender value;
- Item 23 was related to receiving help in getting the surrender value / fund value;
- Item 24 was related to information about a new policy coming on the market;
- Item 25 was related to information about any changes in regulation with respect to life insurance;
- Item 26 was related to eagerness to solve problems at the earliest possible time;
- Item 27 was related to the giving away of occasional gifts, such as diaries, calendars, etc.;
- Item 28 was related to keeping accurate records of premiums;
- Item 29 was related to telling exactly when services would be performed;
- Item 30 was related to variance in the willingness to provide service with each occasion;
- Item 31 was related to getting individual attention.

For measuring customer experience, the responses to the above-mentioned items were obtained on a five-point scale ranging from 5 to 1, where 5 denotes a very favorable experience and 1 denotes a very unfavorable experience. Some of the questions had reverse scaling to ensure accuracy of responses.

5.5. Administration of questionnaire

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

5.6. Data analysis

To analyze the experience of customers with the bancassurance channel, statistical tools, such as mean, standard deviation, Cronbach's alpha, etc. were used. The reliability of the questionnaire was assessed by computing the coefficient alpha, which measured the internal consistency of the items. Factor analysis was used for data reduction. This is a statistical method concerned with the reduction and summarization of observed variables in terms of common underlying dimensions or factors (Hair, Anderson, Tatham & Black, 2003).

6. ANALYSIS AND FINDINGS

The analysis and findings of this study are presented in the following paragraphs:

6.1. Reliability of the tool

TABLE 1: Reliability statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items
.908	.918	31

Source: Compiled from questionnaire

A reliability test of the scale was performed and the coefficient of Cronbach's Alpha was

found to be 0.908 for 31 items (or statements) included in the study. The very high value of Cronbach's Alpha (0.908) is indicative of a very high degree of reliability of the scale, and it also shows that the items are highly correlated. A Cronbach's Alpha of more than 0.70 is considered to be a good measure of reliability of scale (Nunnally, 1978). Its high value also indicates that the items considered for measuring

the latent variable are actually measuring the latent variable.

6.2. Measuring customer experience

The two basic statistics (i.e. mean and standard deviation) for measuring the experience of customers with respect to the various items considered for the study are presented in Table 2.

TABLE 2: Item statistics

Particulars	Mean	Std. Deviation
Getting help with filling out application form	4.31	0.538
Not disclosing personal information	4.18	0.439
Not disclosing financial information	4.16	0.434
Comfort with type of document sought	4.16	0.411
Comfort with type of information asked	4.14	0.399
Convenience of paying first premium	4.13	0.386
Details in policy bond are same as in application form	4.06	0.531
Keeping accurate records of premiums	4.05	0.411
Medical examination requirement for insurance policy approval	3.99	0.451
Time required to get policy document	3.95	0.636
Payment of renewal premium	3.79	0.668
Getting individual attention	3.69	0.661
Willingness to provide service does not vary	3.65	0.675
Giving intimation regarding renewal premium date	3.43	0.896
Eager to solve problems at earliest point in time	3.43	0.683
Knowing exactly when the service will be performed	3.43	0.721
Suggesting most suitable policy	3.21	0.807
Explaining insurance policy	3.09	0.873
Procedure for getting maturity value	3.09	0.367
Time required to get maturity value	3.09	0.37
Getting help reviving lapsed insurance policy	3.07	0.312
Intimation regarding maturity amount	3.07	0.339
Help getting maturity amount	3.07	0.334
Information about fund value	3.07	0.379
Receiving help in getting fund value	3.06	0.353
Procedure for assignment of insurance policy for loan	3.05	0.291
Getting a loan on an insurance policy	3.04	0.307
Correction of inappropriate policy	3.03	0.294
Information about changes in the regulation of life insurance	2.4	0.798
Information about new policy on market	2.37	0.938
Receiving occasional gifts	1.22	0.692

Source: Compiled from questionnaire

As evident from Table 2, the top items contributing to favorable customer experience are identified as “getting help with filling out application form”, “not disclosing personal information of customers”, and “not disclosing financial information of customers.” The top factors responsible for unfavorable customer experience are “information about changes in the regulation of life insurance”, “information about new policy on market”, and “receiving occasional gifts.”

6.3. Scale statistics

TABLE 3: Scale statistics

Mean	Variance	Std. Deviation	No. of Items
105.47	81.500	9.028	31

Source: Compiled from questionnaire

There are a total of 31 items, and each item is measured based on the responses from the respondent using a Likert scale. The responses ranged from very favorable experience to very unfavorable experience. For the response of very favorable experience, a score of 5 was assigned. Similarly, for the responses of favorable, moderate, unfavorable, and very unfavorable experience, the scores of 4, 3, 2, and 1 were assigned respectively. Thus, for a scale consisting of 31 items, the maximum possible score is 155 (31×5), and the minimum possible score is 31 (31×1). The range is 124 [155(max)-31(min)]. Now, if 124 is 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. Similarly, other intervals are obtained and several layers of customer experience are obtained, as presented in Exhibit 1, along with their interpretations:

EXHIBIT 1: Interpretation table

31-55.8	Very unfavorable experience
55.8-80.6	Unfavorable experience
80.6-105.4	Moderate experience
105.4-130.2	Favorable experience
130.2-155	Very favorable experience

By looking at the scale statistics, the mean score is 105.47, which falls under favorable experience. Thus, it can be inferred that customers of bancassurance have “favorable experience” with respect to getting insurance-related services from State Bank of India.

TABLE 4: Overall experience

	Frequency	Percent
Moderate experience	216	62.6
Favorable experience	119	34.5
Very favorable experience	10	2.9
Total	345	100.0

Source: Compiled from questionnaire

Using Exhibit 1, overall experience is calculated for each of the respondents, as shown in Table 4. It has been observed that 62.6% of the respondents have moderate experience with bancassurance services provided by the State Bank of India in Guwahati.

6.4. Identification of core factors affecting customer experience

TABLE 5: KMO and Bartlett’s Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.841
Bartlett’s Test of Sphericity	Approx. Chi-Square	7286.913
	Df	465
	Sig.	.000

Source: compiled from questionnaire

Table 5 shows the p-value at 0.000 (which is less than 0.05), corresponding to KMO & Bartlett’s Test. This confirms that the data considered for factor analysis is appropriate.

TABLE 6: Total variance explained

Com- ponent	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.189	29.641	29.641	9.189	29.641	29.641	4.473	14.428	14.428
2	4.050	13.063	42.704	4.050	13.063	42.704	3.668	11.833	26.261
3	2.225	7.177	49.882	2.225	7.177	49.882	3.392	10.941	37.202
4	1.443	4.654	54.535	1.443	4.654	54.535	2.532	8.167	45.369
5	1.290	4.161	58.697	1.290	4.161	58.697	2.532	8.166	53.536
6	1.196	3.858	62.555	1.196	3.858	62.555	1.973	6.364	59.900
7	1.104	3.562	66.116	1.104	3.562	66.116	1.927	6.216	66.116
8	.992	3.201	69.318						
9	.920	2.969	72.287						
10	.854	2.755	75.042						
11	.767	2.473	77.515						
12	.728	2.348	79.863						
13	.657	2.121	81.983						
14	.646	2.085	84.069						
15	.583	1.882	85.950						
16	.509	1.643	87.593						
17	.469	1.514	89.107						
18	.442	1.427	90.533						
19	.422	1.361	91.894						
20	.397	1.279	93.173						
21	.346	1.117	94.290						
22	.318	1.025	95.315						
23	.301	.971	96.286						
24	.269	.869	97.155						
25	.232	.748	97.903						
26	.216	.697	98.600						
27	.181	.585	99.185						
28	.118	.381	99.565						
29	.058	.188	99.754						
30	.043	.139	99.893						
31	.033	.107	100.000						

Extraction method: principal component analysis.

Source: compiled from questionnaire

Table 6 shows the actual factors that were extracted. When we look at the section labeled "Rotation Sums of Squared Loadings", it provides only those factors that met the cut of criterion by extraction method. In this case, there are 7 factors with Eigen values greater than 1. The "% of

variance" column enlightens us as to how much total variability (in all the variables together) can be accounted for by each of these factors. Here, 66% total variability is explained by the first 7 factors, and thus we have 7 components based on the principal component analysis.

TABLE 7: Rotated component matrix^a

	Component						
	1	2	3	4	5	6	7
comfort with type of information asked	.867	.032	.148	.076	.015	.145	.038
comfort with type of document sought	.849	.050	.165	.104	.019	.181	.075
non-disclosure of personal information	.823	.153	.121	.054	-.032	-.122	.153
non-disclosure of financial information	.814	.180	.148	.051	-.055	-.165	.147
convenience of paying first premium	.582	.043	.040	.125	.220	-.007	.416
getting help in filling out application form	.574	-.019	.226	-.027	.157	-.064	.107
medical examination requirement for insurance policy approval	.460	.070	.062	.355	-.063	.271	.037
procedure for getting maturity value	.108	.902	.141	.125	.147	.168	.008
time required to get maturity value	.091	.887	.102	.159	.143	.048	-.005
help in getting maturity amount	.134	.833	.099	.128	.223	.174	.046
intimation regarding the maturity amount	.039	.725	.067	.099	.229	.273	.137
willingness to provide service does not vary	.134	.082	.851	.116	-.035	.080	.093
getting individual attention	.173	.064	.819	.187	-.012	.081	.082
knowing exactly when the service will be performed	.193	.139	.750	.113	.147	-.091	.170
eager to solve problems at an earliest point in time	.215	.103	.686	.302	.135	.070	.238
suggesting most suitable policy	.356	.034	.484	.402	.163	.036	.064
information about new policy in market	-.017	.144	.135	.754	.054	.106	.034
information about changes in regulation of life insurance	.076	.230	.173	.670	.245	-.023	.125
explaining insurance policy	.324	.076	.327	.557	.158	.052	.053
providing intimation regarding renewal premium date	.025	.046	.187	.509	.029	-.056	.445
payment of renewal premium	.150	.140	.333	.415	.096	-.041	.380
getting a loan on insurance policy	-.040	.151	-.024	.061	.772	-.051	.010
giving of occasional gifts	.147	.063	.162	.328	.661	.191	-.160
procedure for assignment of insurance policy for loan	.012	.456	.027	.108	.650	.266	.098
getting help with revival of lapsed insurance policy	.114	.289	.167	.184	.560	.247	.096
correction of an inappropriate policy	.023	.287	.077	-.097	.549	.053	.436
receiving help in getting fund value	.011	.340	.058	.050	.110	.846	.077
information about fund value	.009	.273	.050	.039	.229	.832	.086
time required to get policy document	.277	-.026	.149	.231	-.039	.086	.651
details in the policy bond are same as in application form	.460	-.036	.211	.031	.021	.112	.597
keeping accurate records of premiums	.151	.213	.328	.051	.075	.123	.415

Extraction method: principal component analysis.

Source: compiled from questionnaire

Table 7 contains the rotated factor loadings representing how the variables are weighted for each component, as well as the correlation between the variables and the components. This process helps to identify the low correlation variables with the components. Component 1 is a combination of the following factors: comfort with type of information asked, comfort with type of document sought, non-disclosure of personal information, non-disclosure of financial information, convenience of paying the first premium, getting help in filling out application form, and the medical examination requirement for insurance policy approval, with loadings of .867, .849, .823, .814, .582, .574, and .460, respectively.

Similarly, component 2 consists of factors such as the following: procedure for getting maturity value, time required for getting maturity value, help in getting maturity amount, and intimation regarding the maturity amount, with respective loadings of .902, .887, .883, and .725.

Component 3 is a combination of the following factors: willingness to provide service, non-varyingly getting individual attention, to tell exactly when the service will be performed, eager to solve problems at an earliest point in time, and suggesting the most suitable policy, with factor loadings of .851, .819, .750, .686, and .484, respectively.

Component 4 is a grouping of the following factors: information about new policies on the market, information about changes in the regulation of life insurance, explaining an insurance policy, giving intimation regarding renewal premium date, and payment of renewal premium, with respective loadings of .754, .670, .557, .509, and .415.

Component 5 is a combination of the following factors: getting a loan on an insurance policy, giving of occasional gifts, procedure for assignment of insurance policy for loan, getting help with revival of lapsed insurance policy, and correction of an inappropriate policy, with loadings of .772, .661, .650, .560, and .549, respectively.

Component 6 is a blending of two factors: receiving help with getting fund value and information about fund value, with loadings of .846 and .832, respectively.

Component 7 is a combination of three factors: time required to get policy document, details in the policy bond being the same as in application form, and the keeping of accurate records of premiums, with respective loadings of .651, .597, and .415.

Finally, all the components thus located are presented in Table 8.

TABLE 8: Results of factor analysis

Component	Variables included	Name of component
1	comfort with type of information asked comfort with type of document sought non-disclosure of personal information non-disclosure of financial information convenience of paying first premium getting help with filling out application form medical examination required for insurance policy approval	Ease of buying
2	procedure for getting maturity value time required to get maturity value help with getting maturity amount intimation regarding maturity amount	Getting maturity benefit
3	willingness to provide service does not vary getting individual attention ability to tell exactly when the service will be performed eagerness to solve problems at earliest point in time suggesting the most suitable policy	Reliability of the channel
4	information about new policies on market information about changes in regulation of life insurance explaining insurance policy in detail giving intimation about renewal premium date payment of renewal premium	Responsiveness of the channel
5	getting a loan on insurance policy giving of occasional gifts procedure for assignment of insurance policy for loan getting help with revival of lapsed insurance policy correction of an inappropriate policy	After-sale services
6	receiving help with getting fund value information about fund value	Getting stock market-related information
7	time required to get policy document details in the policy bond are the same as on application form keeping of accurate records of premiums	Accuracy of the channel

Source: compiled from questionnaire

7. POLICY IMPLICATIONS AND CONCLUSION

This study has found that customers have favorable experiences when buying insurance policies via the bancassurance channel. Berghe and Verweire (2001) have reached similar findings. This is significant for bringing in new customers

and retaining old customers. This is definitely a strong point for the bank, yet there is still room for improvement in customer experience, just as there are ways in which overall customer experience could be raised to the level of very high, as well. To upgrade customer experience, banks should put an emphasis on creating great customer experience through multiple chan-

nels (online channels, in addition to traditional “brick-and-mortar” channels) (Michaels, 2013). There should be clear communication with the customers about the features of each policy (Varma, 2012; Breeding, 2014). Furthermore, employees play an important part in delivering positive customer experience. Banks should train their employees to become knowledgeable, motivated, and engaged in creating memorable customer experience (Varma, 2012).

Several authors, such as Vikas (2011), Devi (2008), Khurana (2013), Bapat, Soni and Joshi (2014), and Madan (2012), have found that customers have a favorable perception of the agency channel of public-sector life insurance companies. Therefore, even a small decline in the customer experience in the bancassurance channel may lead to an outpour of customers from the bancassurance channel to the agency channel of public-sector life insurance companies. But if efforts are made in the right direction, customers will prefer the bancassurance channel, in accordance with the findings of several authors, such as Wang and Hwang (2009) and Tiwari and Yadav (2012), namely, that customers trust banks and consider them to be more authentic than insurance companies. Reliability and trust are very important in gaining customers’ loyalty, which is something that banks do have (Kuusik & Varblane, 2009). Customers prefer banks due to convenience, interpersonal relationships, safety, and customized service (Popli & Rao, 2009; Fan, Lee, Tang & Lee, 2011; Kumari, 2012; Ali & Chatley, 2013; Berghe & Verweire, 2001; Shukla, Bhatt & Shrivastava, 2012).

When selling an insurance policy, a bank has a competitive advantage over traditional channels of insurance companies. A bank has the financial data of its clients. Therefore, a bank can offer tailor-made insurance solutions according to the financial position and requirements of its customers. Offering customized insurance plans will boost the business of the bancassurance channel.

The study also identifies factors that are responsible for forming unfavorable experiences among customers. One such factor is the giving of occasional gifts to customers. Giving occasional gifts creates positive switching barriers for a customer (Kovesi & Demontrond, 2011) that affirmatively affects the customer’s 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 (Allen & Meyer, 1990). This is the question of whether the customer experiences “wanting to be” in a relationship or the (negative) status of “having to be” in a relationship (Hirschman, 1970). In this context, providing positive switching barriers creates an affirmative reason to remain and reflects the status of wanting to be in the relationship (Hirschman, 1970; Han, 2007). Other features, such as keeping customers informed about new policies coming onto the market and informing customers regarding changes in rules and regulations governing insurance services are identified as responsible for unfavorable customer experience in bancassurance. In this regard, the bank should focus on communication management to enhance customer experience (Breeding, 2014). Various channels of communication may be used for expanding contact with customers. This will improve customer experience (Laukkanen, 2007; Yap et al., 2010; Ioannou & Zolkiewski, 2009).

The study identifies seven core factors that affect customer experience in bancassurance. These factors are the following: ease of buying, receiving maturity benefit, reliability of the channel, responsiveness of the channel, after-sale service, receiving stock market-related information, and accuracy of the channel. Therefore, service providers should try to create ease of buying for the customers in order to have favorable customer experience, while also provide help to customers with receiving maturity benefit. Service providers should also ensure the reliability of the channel.

8. LIMITATIONS OF THE STUDY

The present study considers those customers who have bought an SB Life life insurance policy from State Bank of India. Therefore, the findings cannot be generalized for bancassurance channels of other insurance companies. The survey was conducted in the city of Guwahati in the state of Assam. Thus, the findings of this study cannot be generalized for other geographical regions either. The responses were collected in the year 2013-2014. This time limitation affects the study because the rules and regulations governing banking, insurance, and most importantly, bancassurance keep changing.

9. SCOPE OF FUTURE RESEARCH

The experiences of customers buying insurance from private banks can be analyzed. Similar studies can be done in different cultural and geographical settings. Furthermore, a comparative study of customer experience in private and public banks can also be carried out. A comparative study of the experiences, perceptions and satisfaction of customers who have used a bancassurance channel, as well as an agency channel, can also be undertaken.

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