

Factors improving the Buying Decision of Bancassurance Products in Sri Lanka Insurance Industry

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Abstract

The aim of the study is to examine the factors that affect to improve the buying intention of Bancassurance products in Sri Lankan insurance industry. Bancassurance is an emerging concept in Sri Lankan banking and insurance industry although it is originated prior to 1980 in Europe. This system is that Insurance products are sold through a bank client base and service them and bank is generated a service fee for that businesses. Various range of Life and Non life insurance products are offered by the majority of insurance companies in Sri Lanka. Total gross written premium of 99.87 billion rupees recorded in 2014 in Sri Lankan insurance industry while accounting significant amount of premium through the Bancassurance is vital for the current development of the market with the total market growth of 5.14%. Bancassurance is profitable for both bank and insurance company if it is perform well. The research has been conducted through both quantitative and qualitative methods with 300 customers are interviewed by questionnaires and secondary data gathered through the range of reports of Insurance Board of Sri Lanka. The seven factors are found to affect to buying intention of bancassurance products as Past Experience, Familiarity, Easy Access, Pricing, Advertisement, Image and Trust. Regression analysis is used to analyze the questionnaire results. It is found that past experience, advertising have a significant impact on buying intention of bancassurance products. For the development of both insurance and banking industry, the Bancassurance mechanism would be a proper methodology and the authorities and relevant institution must give their attention further development with quality improvement.

Key words: Bancassurance, Insurance, Banking, Incentives

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