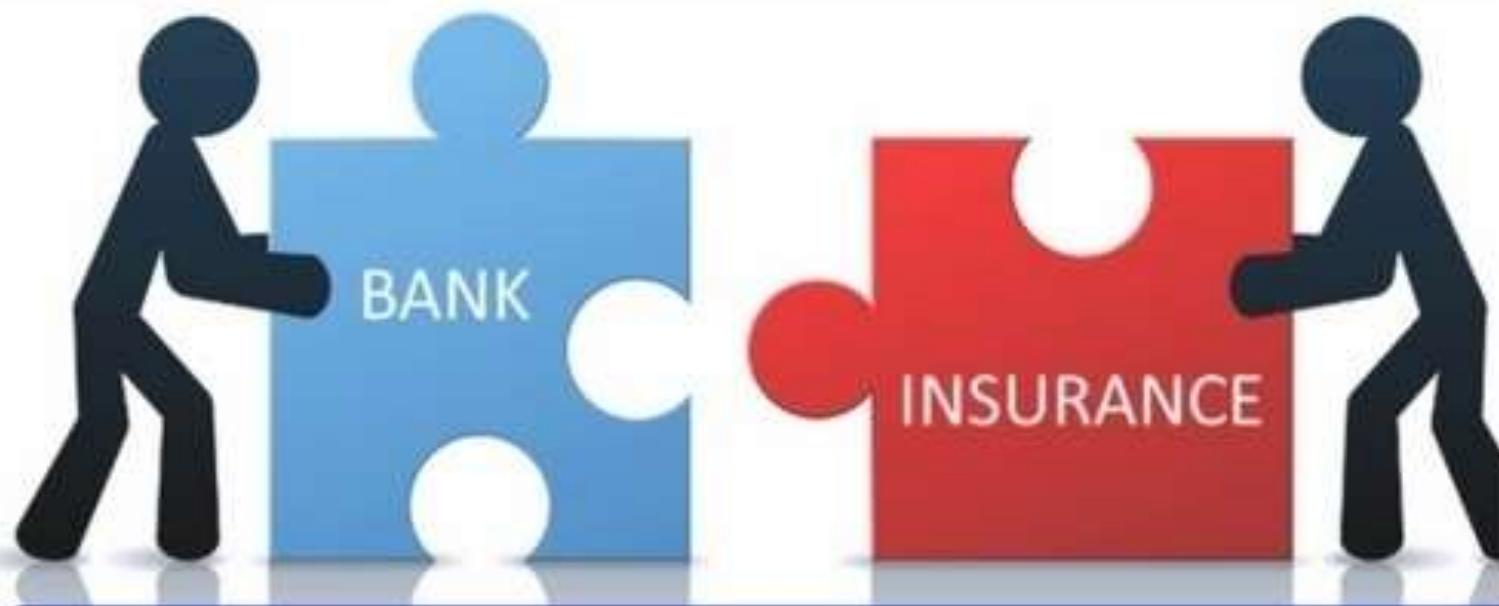


Bancassurance

Furqan Ahmed

Head of Training - Bancassurance

EFU Life Assurance Ltd



Bancassurance:



History of Bancassurance

- Originated in France in 1980s
- Spread rapidly across Europe
- In Asia Singapore, Taiwan, Hong Kong, India and China are ahead in Bancassurance
- Bancassurance launched in Pakistan in 2003
- 19+ conventional as well as Islamic banks involves in Bancassurance business in 2018



Bancassurance

- Distribution of insurance products through the bank's distribution channel.
- It is selling insurance products and services by leveraging vast customer base of a bank and fulfills banking and insurance needs of clients at the same time.



Evolution of Bancassurance





Why Bank as a Channel for Insurance Products?





Pressure on Banking Sector

- Customer retention in the face of competition
- Staff retention and motivation
- Universal Banking approach to provide all financial product under one roof; a broader relationship approach
- Optimum utilization of infrastructure and resources-maximize revenue



Pressure on Insurance Sector

- Channel diversification from traditional direct sale
- Access to a high quality customer base
- Achieve the geographical reach within minimum time and cost
- Ensure higher probability of success in the sales process



Bancassurance – A Win-Win Situation

Solution:

Insurance + Banking = Bancassurance



Advantages of Bancassurance





Client

- Fortified Trust Level
- One stop shop
- Better after sale services
- Ease in process
- Simplified premium payment methods
- Overall enhanced satisfaction



Banks

- Swift source of Revenue
- Customer retention
- Increased Portfolio
- Covers all customer needs
- Low cost distribution





Insurance Company

- Co-Branding
- Better customer targeting
- Increased Market Penetration
- Low cost distribution model
- Improved Persistency



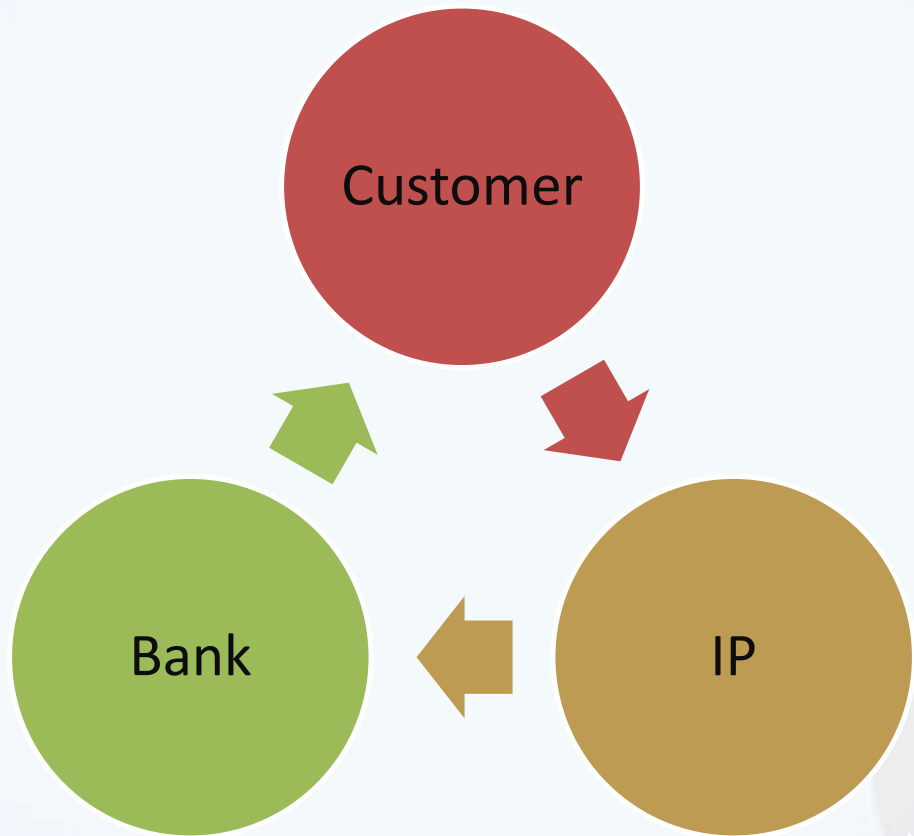


Mechanism of Bancassurance





Bancassurance



Selling of insurance product through Banking Channel





Operative Models

- Referral Model
- Direct selling





Referral Model

- Bank only generates leads and passes to insurance partner
- Trained insurance company's consultants convert lead to sales
- Bank's role is limited with little or no involvement in sales matters



Direct Model

- Bank generates leads and converts to sales
- Bank has robust sales management setup with it's own sales team
- Sales numbers are driven to quite an extent by bank



Challenges of Bancassurance





Challenges

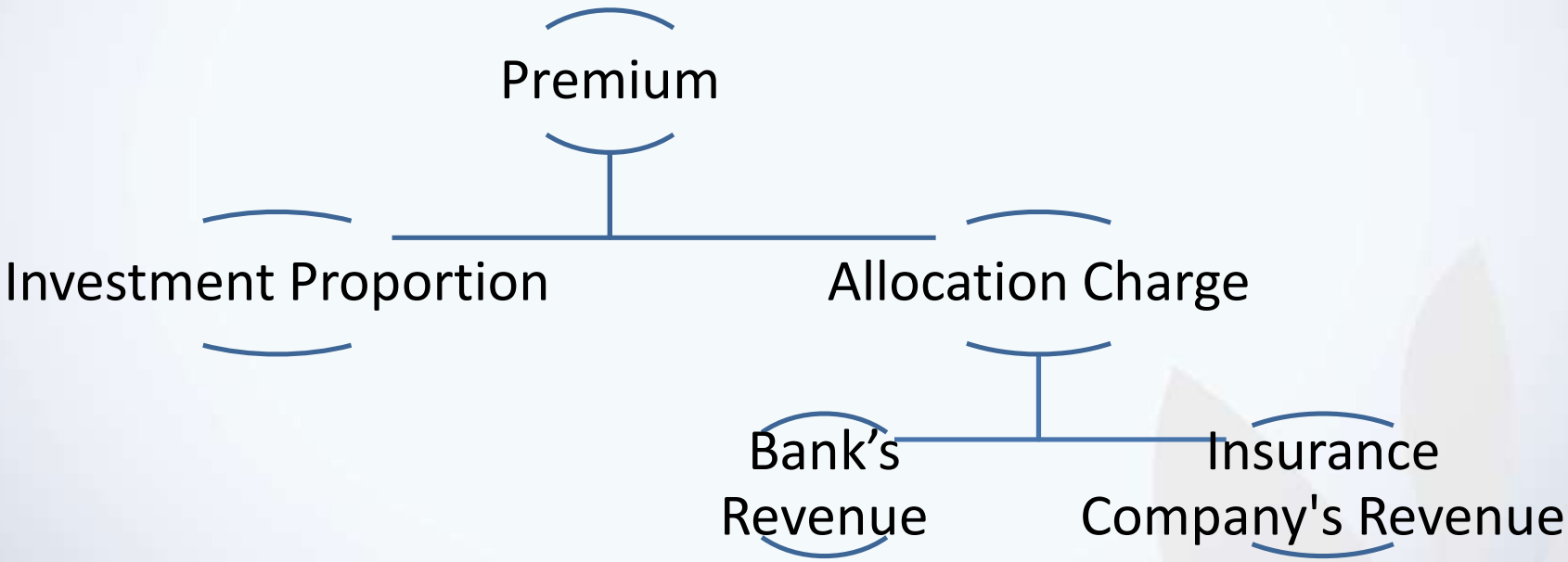
- Alignment of vision
- Management structure in banks
- Banks' expectations
- Product value
- Persistency
- System /Operations constraints
- Change of personnel
- Conflict with other sales channels





Commission Structure







Thank you!

