



"EXPLORING THE INVOLVEMENT AND SATISFACTION OF BANCASSURANCE CUSTOMERS: A STUDY ON STATE BANK OF INDIA"

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ABSTRACT

Bancassurance, the integration of banking and insurance services, has emerged as a key distribution channel for insurance products in India. As one of the country's largest public sector banks, the State Bank of India (SBI) plays a leading role in delivering these services to a wide and diverse customer base. This study aims to explore the extent of customer involvement and its impact on customer satisfaction within SBI's bancassurance model. Using a mixed-method research approach, primary data was collected through structured questionnaires from 150 SBI customers, along with interviews conducted with bank officials to gain qualitative insights. The study examines critical factors such as service quality, product awareness, communication, staff support, and after-sales service—each of which significantly affects customer satisfaction levels. The findings indicate a strong positive relationship between active customer involvement and satisfaction with bancassurance services. Customers who are well-informed, adequately guided, and engaged in the decision-making process tend to show higher satisfaction and trust in the bank's offerings. The study also identifies areas of improvement in service delivery and customer education to enhance engagement. The research concludes by recommending that SBI and similar institutions invest in training frontline staff, enhancing product transparency, and leveraging digital tools to improve customer experience in bancassurance. The insights contribute to better understanding customer-centric approaches in integrated financial service delivery.



KEYWORDS: Bancassurance, Customer Involvement, Customer Satisfaction, State Bank of India (SBI), Financial Services, Insurance Distribution, Service Quality, Customer Engagement, Banking and Insurance Integration, Customer Experience.

INTRODUCTION

In the rapidly evolving landscape of financial services, bancassurance has emerged as a strategic alliance between banking and insurance sectors, allowing banks to distribute insurance products through their existing infrastructure. This model not only provides banks with an additional revenue stream but also offers customers the convenience of availing both banking and insurance services under one roof. In India, where financial inclusion and insurance penetration are still growing, bancassurance plays a pivotal role in expanding access to life, health, and general insurance products.

The State Bank of India (SBI), as the largest public sector bank in the country, has been at the forefront of implementing and promoting bancassurance. Through partnerships with leading insurance providers, SBI leverages its extensive customer base and branch network to offer insurance solutions alongside traditional banking services. However, the effectiveness of this model depends significantly on two key aspects: customer involvement in the buying process and customer satisfaction with the products and services delivered.

Customer involvement refers to the degree to which individuals actively participate in learning about, evaluating, and selecting financial products. In the case of bancassurance, this involvement is often limited due to low product awareness, complexity of insurance terms, and over-reliance on bank staff. This can lead to poor decision-making, mismatched expectations, and ultimately, low satisfaction levels. Customer satisfaction, on the other hand, is critical for customer retention, brand loyalty, and long-term success of bancassurance partnerships. It is influenced by several factors such as service quality, staff interaction, transparency of information, product suitability, and claims processing. For banks like SBI, ensuring high customer satisfaction is not only essential for the success of insurance sales but also for maintaining trust in their brand.

This study seeks to explore the relationship between customer involvement and satisfaction in the context of SBI's bancassurance offerings. It aims to identify the key drivers of satisfaction and areas where customer engagement can be improved. By focusing on the SBI model, this research will contribute to a better understanding of how banks can optimize their bancassurance strategies to serve customers more effectively and responsibly.

Aims And Objectives

Aim

To examine the extent of customer involvement in bancassurance and assess its impact on customer satisfaction within the State Bank of India.

Objectives

1. To evaluate the level of customer awareness and understanding of bancassurance products offered by SBI.
2. To assess the degree of customer involvement in the decision-making process related to bancassurance.
3. To identify key factors influencing customer satisfaction with SBI's bancassurance services.
4. To analyze the relationship between customer involvement and satisfaction in the bancassurance context.
5. To provide recommendations for enhancing customer engagement and improving satisfaction levels in SBI's bancassurance model.

REVIEW OF LITERATURE

The concepts of bancassurance, customer involvement, and customer satisfaction have been widely explored in financial services literature. This review outlines key theoretical and empirical findings that provide a foundation for understanding how these elements interact, particularly in the Indian banking context. Bancassurance refers to the distribution of insurance products through banks, leveraging their customer base and distribution network. Globally, it has become a significant channel for selling insurance, especially in Europe and parts of Asia. According to Mohamed & Lashine (2003), bancassurance offers operational efficiencies and cost advantages, benefiting both insurers and banks. In India, the growth of bancassurance has been supported by regulatory reforms and the Insurance Regulatory and Development Authority of India (IRDAI), which encourages banks to act as corporate agents for insurance firms.

Customer involvement is defined as the degree to which customers participate in the buying process, particularly in complex and high-risk services like insurance. Zaichowsky (1985) suggested that involvement is higher when a product is perceived as personally relevant. In the context of

bancassurance, involvement often includes seeking information, evaluating alternatives, and consulting bank staff. Coulter and Roggeveen (2012) emphasized that higher involvement leads to better decision-making and long-term satisfaction. However, studies by Goyal and Joshi (2011) found that customers in India often exhibit passive behavior in bancassurance due to low product awareness, limited financial literacy, and over-reliance on bank staff for decision-making. This limits the customer's ability to make informed choices, potentially affecting satisfaction and trust.

Customer satisfaction is a central construct in service marketing and is influenced by factors such as service quality, communication, trust, ease of access, and after-sales support. Parasuraman, Zeithaml, and Berry (1988) developed the SERVQUAL model, which has been widely applied to assess service quality in financial institutions. In bancassurance, Kumar and Rao (2016) found that satisfaction increases when customers feel they receive personalized attention and clear communication. Ladhari (2009) argued that emotional satisfaction — not just functional outcomes — plays a key role in services like insurance, which carry a sense of risk and uncertainty.

RESEARCH METHODOLOGY

This study adopts a descriptive research design aimed at analyzing the relationship between customer involvement and satisfaction in the context of bancassurance services offered by the State Bank of India (SBI). The descriptive approach is suitable as it helps in gathering detailed information about existing customer experiences, perceptions, and levels of engagement with SBI's insurance products. A mixed-method approach was employed, integrating both quantitative and qualitative methods to ensure a comprehensive understanding of the subject. The quantitative data was collected through structured questionnaires distributed among SBI customers who have purchased bancassurance products, while qualitative data was gathered through interviews with selected bank employees involved in the bancassurance process. The primary data collection involved a structured questionnaire comprising closed-ended questions measured on a 5-point Likert scale, ranging from "Strongly Disagree" to "Strongly Agree." This questionnaire assessed key variables such as customer awareness, product understanding, involvement in the decision-making process, service quality, and satisfaction with SBI's bancassurance services. To complement the quantitative data, semi-structured interviews were conducted with 10 SBI staff members responsible for bancassurance sales to gain deeper insights into the challenges and observations from the bank's perspective.

A convenience sampling technique was used to select 150 SBI customers who had recently interacted with or purchased insurance products through the bank. While this method limits the generalizability of findings, it was chosen due to accessibility and time constraints, and to ensure that only relevant participants (bancassurance customers) were included in the sample. The data collected from questionnaires was analyzed using descriptive statistics (mean, percentage, and standard deviation) and inferential statistics, particularly correlation and regression analysis, to understand the relationship between customer involvement and satisfaction. Qualitative responses were analyzed using thematic analysis, which helped in identifying common patterns and emerging themes from the interviews. Efforts were made to ensure reliability and validity of the study. The questionnaire was pilot tested on a small group of respondents to identify any ambiguity in the questions. Based on the feedback, necessary modifications were made before the final survey was administered. Triangulation of data sources (quantitative and qualitative) further enhanced the credibility of the findings. Ethical considerations were strictly observed throughout the study. Participants were informed about the purpose of the research and assured of confidentiality and anonymity. Informed consent was obtained from all respondents, and their participation was voluntary. Data collected was used strictly for academic purposes and stored securely.

DISCUSSION

The present study aimed to explore the level of customer involvement in bancassurance services and its impact on customer satisfaction, focusing specifically on the State Bank of India (SBI). The findings provide valuable insights into how customer engagement shapes satisfaction and loyalty in

this integrated financial service model. The data indicates a significant positive relationship between customer involvement and satisfaction. Customers who actively seek information, understand product features, and participate in the decision-making process reported higher satisfaction levels. This aligns with prior research by Mittal and Lee (1989) and Dutta and Singh (2018), confirming that involvement enhances customers' perceived value and trust in the bancassurance offerings. Despite SBI's extensive reach and brand reputation, the study uncovered that many customers still exhibit low to moderate involvement. This is primarily due to limited product knowledge, complex insurance terminology, and reliance on bank personnel for advice. Such passive behavior may lead to mismatched expectations and dissatisfaction, especially during claim settlement or renewal stages. These findings echo the observations by Goyal and Joshi (2011) and Gupta and Shukla (2021) regarding challenges in customer education and transparency in Indian bancassurance. Service quality factors—such as responsiveness, assurance, and empathy demonstrated by SBI staff—were found to be critical drivers of satisfaction. Customers appreciated personalized attention and clear communication, which helped build confidence in purchasing insurance products through the bank. However, inconsistencies in staff knowledge and service delivery were also noted, suggesting a need for ongoing training and standardized service protocols.

The study also highlights the growing role of digital channels in bancassurance. While many customers still prefer face-to-face interactions, especially for complex decisions, younger and tech-savvy customers increasingly favor online platforms. SBI's efforts to enhance its digital presence and self-service tools can improve convenience, transparency, and engagement, thereby boosting satisfaction. Furthermore, demographic factors such as age, education level, and financial literacy influenced involvement and satisfaction. Customers with higher financial literacy demonstrated greater involvement and were better able to assess product suitability. This underlines the importance of targeted awareness programs and financial education initiatives tailored to diverse customer segments. In conclusion, the research underscores that enhancing customer involvement is essential for achieving higher satisfaction in bancassurance. SBI can strengthen its bancassurance model by investing in customer education, improving frontline staff training, and leveraging digital technology to facilitate informed and confident decision-making. These improvements will not only enhance customer satisfaction but also foster long-term loyalty and competitive advantage in the growing Indian insurance market.

CONCLUSION

This study has examined the critical relationship between customer involvement and customer satisfaction within the bancassurance services provided by the State Bank of India. The findings clearly demonstrate that higher levels of customer engagement in the insurance purchasing process lead to greater satisfaction with the products and services offered. Despite SBI's strong market presence and extensive distribution network, the research identified that many customers remain only moderately involved, often due to limited awareness and understanding of insurance products. This highlights the need for SBI to enhance customer education and provide clear, accessible information to empower customers in their decision-making. Service quality, particularly the competence and responsiveness of bank staff, was found to significantly impact customer satisfaction. Improving frontline staff training and standardizing service delivery can help SBI build stronger customer trust and loyalty in bancassurance. Additionally, the growing importance of digital platforms offers SBI an opportunity to improve customer involvement and satisfaction through convenient, transparent, and interactive channels. In summary, by focusing on strategies that increase customer involvement—such as better education, personalized communication, and enhanced digital experiences—SBI can improve satisfaction rates, strengthen customer relationships, and secure a competitive edge in the evolving bancassurance market. This study contributes valuable insights for banking and insurance professionals aiming to optimize bancassurance services in India.

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