

A Study on Consumer Behaviour Towards Banking Insurance

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ABSTRACT

Banking insurance, popularly known as bancassurance, has emerged as an important financial service model that integrates banking and insurance products under a single platform. The present study titled “A Study on Consumer Behaviour Towards Banking Insurance” aims to examine consumer awareness, preferences, satisfaction level, and buying behaviour towards insurance products offered through banks.

The study focuses on identifying the factors influencing customers to purchase insurance products through banking channels. Variables such as trust, convenience, service quality, premium affordability, awareness, and customer relationship were analyzed to understand their impact on consumer behaviour.

A descriptive research design was adopted for the study. Both primary and secondary data were used. Primary data were collected from 100 respondents using a structured questionnaire. Secondary data were collected from journals, books, websites, and IRDAI reports. Statistical tools such as percentage analysis, mean analysis, ranking method, and graphical representation were used for analysis and interpretation.

The findings reveal that most consumers prefer purchasing insurance through banks because of trust, convenience, and simplified documentation procedures. The study also identifies that customer awareness and satisfaction significantly influence purchasing decisions. However, certain issues such as inadequate product explanation and lack of awareness regarding policy terms still exist.

The study concludes that banking insurance has strong growth potential in India due to increasing financial literacy, digital banking adoption, and consumer preference for integrated financial services. Proper customer education, improved communication strategies, and transparent services can further enhance customer satisfaction and strengthen bancassurance growth.

KEYWORDS

Banking Insurance, Bancassurance, Consumer Behaviour, Customer Satisfaction, Insurance Services, Financial Services, Trust, Insurance Awareness, Banking Sector, Consumer Preference

INTRODUCTION

The Indian financial sector has undergone significant transformation due to liberalization, technological advancement, and increasing customer expectations. One of the major developments in the financial services industry is the emergence of bancassurance. Bancassurance refers to the partnership between banks and insurance companies where banks distribute insurance products through their branch networks.

The banking insurance model provides benefits to banks, insurance companies, and customers. Banks earn additional commission income, insurance companies gain wider market reach, and customers receive banking and insurance

services under one roof. This integrated financial service system has become increasingly popular because of convenience, trust, and accessibility.

In India, bancassurance gained momentum after the Insurance Regulatory and Development Authority of India (IRDAI) allowed banks to act as corporate agents for insurance companies. Since then, both public and private sector banks have entered into strategic partnerships with insurance companies to distribute life insurance, health insurance, vehicle insurance, and general insurance products.

Consumer behaviour plays a crucial role in the success of bancassurance services. Consumer behaviour refers to the study of how individuals make decisions regarding the purchase and use of products and services. In the context of banking insurance, consumer behaviour is influenced by factors such as trust in banks, service quality, premium amount, policy benefits, convenience, and digital accessibility.

Modern consumers prefer financial products that provide security, convenience, and long-term financial benefits. Increasing awareness regarding health risks, life protection, retirement planning, and investment opportunities has increased the demand for insurance products through banking channels.

Despite rapid growth, the banking insurance sector faces challenges such as lack of customer awareness, complex policy terms, pressure selling by bank employees, and limited product understanding among consumers. Therefore, understanding customer behaviour towards banking insurance is essential for improving customer satisfaction and developing effective marketing strategies.

OBJECTIVES OF THE STUDY

Primary Objectives

1. To study consumer behaviour towards banking insurance products.
2. To analyze customer awareness regarding insurance products offered through banks.
3. To identify the factors influencing customers to purchase insurance through banking channels.

REVIEW OF LITERATURE

Kotler and Keller (2016) stated that consumer behaviour is influenced by various cultural, social, psychological, and personal factors that affect purchasing decisions.

Kaur and Kaur (2016) emphasized that customer trust in banks plays a major role in the adoption of bancassurance services.

According to **Namasivayam et al. (2006)**, customer satisfaction in the insurance sector largely depends on efficient claim settlement processes and high-quality service delivery.

Anderson et al. (2019) observed that younger consumers show a greater preference for digital insurance platforms and online services due to convenience and accessibility.

IRDAI Reports (2021–2023) highlighted that bancassurance contributes significantly to insurance premium collections in India, indicating its growing importance in the financial and insurance sectors.

RESEARCH METHODOLOGY

The research titled “A Study on Consumer Behaviour Towards Banking Insurance” is based on a descriptive research design and follows both analytical and descriptive methods of study. The study uses both primary and secondary sources of data. Primary data were collected through a structured questionnaire, while secondary data were gathered from books, journals, IRDAI reports, and various websites. The sampling technique adopted for the study is convenience sampling, and the sample size consists of 100 respondents who are bank customers. Statistical tools such as percentage analysis, mean analysis, and ranking method were used for analyzing the collected data. The area of study focuses on banking insurance customers, and the period of study covers the years 2025–2026.

DATA ANALYSIS AND INTERPRETATION

TABLE 1

Age of Respondents

Age Group	Respondents	Percentage
Below 25	22	22
25–35	35	35
36–45	24	24
46–55	12	12
Above 55	7	7

Source: Primary Data

The majority of respondents belong to the age group of 25–35 years, indicating that young working professionals are the primary users of banking insurance products.

TABLE 2

Awareness of Banking Insurance

Response	Respondents	Percentage
Yes	72	72
No	28	28

Source: Primary Data

Most respondents are aware of banking insurance products, showing the effectiveness of bank promotional activities.

TABLE 3**Insurance Purchased Through Banks**

Type of Insurance	Respondents	Percentage
Life Insurance	38	38
Health Insurance	32	32
Vehicle Insurance	18	18
General Insurance	12	12

Source: Primary Data

Life insurance is the most preferred insurance product purchased through banks.

TABLE 4**Motivation to Purchase Insurance Through Banks**

Factor	Percentage
Trust in Bank	28
Convenience	25
Easy Documentation	18
Brand Reputation	17
Staff Suggestion	12

Source: Primary Data

Trust and convenience are the major factors motivating consumers to purchase insurance through banks.

TABLE 5**Satisfaction with Information Provided**

Response	Percentage
Satisfied	45
Partially Satisfied	33
Not Satisfied	22

Source: Primary Data

Although many customers are satisfied, banks still need to improve communication regarding insurance products and policy terms.

FINDINGS

- Majority of respondents belong to the young and middle-aged category.
- Most consumers are aware of banking insurance services.
- Life insurance is the most preferred insurance product among customers.
- Trust in banks is the strongest factor influencing insurance purchase decisions.
- Convenience and easy documentation encourage consumers to purchase insurance through banks.
- Customers prefer integrated financial services under one platform.
- Bank staff play an important role in influencing customer decisions.
- Many respondents compare insurance products before purchase.
- Digital banking platforms are becoming increasingly important for insurance services.
- Some customers face problems related to lack of product explanation and communication gaps.

SUGGESTIONS

- Banks should conduct awareness programs regarding insurance products and policy benefits.
- Proper training should be provided to bank employees to improve communication skills.
- Simplified insurance documentation procedures should be introduced.
- Banks should improve customer support during claim settlement processes.
- Digital banking platforms should provide detailed insurance information and comparison tools.
- Transparent communication regarding policy terms and conditions should be ensured.
- Personalized insurance products should be developed based on customer needs.
- Banks should focus on long-term customer relationships instead of target-oriented selling.
- Attractive insurance schemes and premium benefits can improve customer participation.
- Financial literacy programs should be conducted in rural and semi-urban areas.

CONCLUSION

The study concludes that banking insurance has become an important financial service in the Indian banking sector. Consumer behaviour towards banking insurance is largely influenced by trust, convenience, awareness, and service quality. Most customers prefer purchasing insurance through banks because they consider banks reliable and

financially secure institutions.

The study also reveals that customer satisfaction plays a vital role in the success of bancassurance services. Although awareness levels are increasing, banks must improve communication, transparency, and customer education regarding insurance products and policy terms.

Technological advancements and digital banking services are expected to further increase the growth of banking insurance in the future. By improving service quality, customer relationship management, and product awareness, banks and insurance companies can enhance customer satisfaction and expand the bancassurance market successfully.

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