



CUSTOMER INVOLVEMENT AND SATISFACTION IN BANCASSURANCE: A CASE STUDY OF STATE BANK OF INDIA

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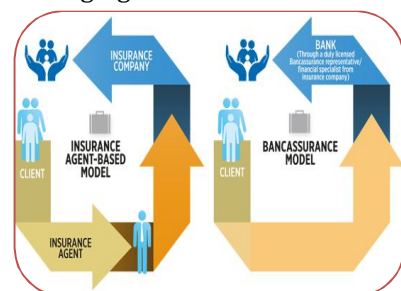
ABSTRACT

Bancassurance, the partnership between banks and insurance companies, has emerged as a significant distribution channel for insurance products in India. This study explores the role of customer involvement and its impact on customer satisfaction within the context of bancassurance at the State Bank of India (SBI). As one of the largest public sector banks in India, SBI offers a robust platform for analyzing how integrated banking and insurance services influence customer perceptions and loyalty. The research adopts a case study approach, combining quantitative data collected through structured questionnaires and qualitative insights from customer interviews. Key dimensions such as product awareness, service quality, transparency, staff engagement, and after-sales support are evaluated to determine their effect on customer satisfaction. The findings reveal that active customer involvement—through informed decision-making, consistent communication, and responsive service—significantly enhances satisfaction levels in bancassurance transactions. This study concludes that SBI's bancassurance model can improve customer trust and retention by focusing on personalized engagement and continuous service improvement. The insights derived provide strategic recommendations for banks and insurance partners seeking to optimize their bancassurance offerings in India's competitive financial landscape.

KEYWORDS: Bancassurance, Customer Involvement, Customer Satisfaction, State Bank of India (SBI), Insurance Services, Banking-Insurance Partnership, Service Quality, Customer Engagement, Financial Services, After-Sales Support, Product Awareness, Customer Loyalty.

INTRODUCTION

In recent years, the financial services sector has witnessed a growing integration between banking and insurance services, popularly known as bancassurance. This innovative distribution model allows banks to offer insurance products directly to their customers, leveraging their extensive branch networks and trusted relationships. In India, bancassurance has gained significant traction, with major banks like the State Bank of India (SBI) playing a pivotal role in expanding insurance penetration. Customer involvement—defined as the degree to which customers actively participate in the decision-making process and interaction with service providers—has emerged as a critical factor influencing the success of bancassurance. Engaged customers are more likely to make informed choices, appreciate the value of insurance products, and develop higher satisfaction levels. This, in



turn, can lead to enhanced customer loyalty and long-term profitability for both banks and insurance companies. Despite its potential, bancassurance faces several challenges, including customer awareness, trust issues, and service quality concerns. Therefore, understanding the dynamics of customer involvement and its impact on satisfaction within bancassurance is essential for improving service delivery and achieving sustainable growth.

This study focuses on the State Bank of India, the country's largest public sector bank, to examine how customer involvement influences satisfaction in its bancassurance offerings. Through a case study approach, the research aims to identify key factors that drive customer engagement and satisfaction, providing actionable insights for stakeholders in the financial services industry.

AIMS AND OBJECTIVES

Aim:

To analyze the role of customer involvement in enhancing customer satisfaction within the bancassurance services offered by the State Bank of India.

Objectives:

1. To assess the level of customer awareness and understanding of bancassurance products provided by SBI.
2. To evaluate the extent of customer participation in the decision-making process related to bancassurance services.
3. To examine the impact of service quality, including staff engagement and after-sales support, on customer satisfaction.
4. To identify factors that influence customer trust and loyalty in SBI's bancassurance offerings.
5. To provide recommendations for improving customer involvement and satisfaction in bancassurance at SBI.

REVIEW OF LITERATURE

Bancassurance, the collaboration between banks and insurance companies to distribute insurance products through bank channels, has been recognized as a significant growth strategy in the financial sector worldwide. The increasing penetration of bancassurance in emerging markets such as India has attracted considerable academic and industry attention, particularly concerning customer behavior, involvement, and satisfaction. Customer involvement refers to the degree to which customers actively participate in the purchasing process and decision-making, impacting their perception of service quality and satisfaction (Coulter & Roggeveen, 2012). In financial services, high involvement often correlates with better understanding and trust, which are critical in complex products like insurance (Mittal & Lee, 1989). Studies have shown that increased involvement leads to higher customer loyalty and advocacy (Zaichkowsky, 1985). Customer satisfaction in bancassurance is influenced by multiple factors, including product knowledge, service quality, ease of access, and after-sales support (Parasuraman, Zeithaml, & Berry, 1988). According to Kumar and Rao (2016), satisfaction levels tend to be higher when customers perceive transparency and receive adequate guidance from bank staff. Moreover, personalized services and timely communication have been linked with improved customer experiences (Ladhari, 2009).

RESEARCH METHODOLOGY

This study adopts a descriptive research design aimed at exploring the relationship between customer involvement and satisfaction within the bancassurance services offered by the State Bank of India (SBI). By focusing on SBI as a case study, the research provides a contextual understanding of how bancassurance functions in a leading Indian bank and how customer engagement influences satisfaction levels.

To obtain comprehensive and reliable data, a mixed-methods approach was employed, combining both quantitative and qualitative research techniques. Quantitative data was collected through structured questionnaires designed to measure customer involvement, satisfaction, and perceptions of service quality. Complementing this, qualitative data was gathered through semi-structured interviews with selected SBI customers and bank officials to gain deeper insights into their experiences and perspectives.

The primary data collection involved administering questionnaires to SBI customers who have purchased bancassurance products. A convenience sampling technique was used to select 150 respondents, allowing for practical access to participants while ensuring relevance to the study. Additionally, 10 bank officials participated in interviews to provide an insider's perspective on the delivery and challenges of bancassurance services.

Data analysis for the quantitative portion utilized descriptive statistics to summarize customer responses and inferential statistics, such as correlation and regression analysis, to examine the relationship between customer involvement and satisfaction. For the qualitative data, thematic analysis was conducted to identify patterns and key themes emerging from the interviews, enriching the understanding of customer behavior and service delivery dynamics.

To ensure the reliability and validity of the research instruments, the questionnaire was pre-tested on a small group of customers to refine the questions for clarity and effectiveness. The combination of quantitative and qualitative data helped triangulate findings, enhancing the overall credibility of the study.

The study acknowledges certain limitations, including the use of convenience sampling which may restrict the generalizability of results to the wider SBI customer base or other banks. Furthermore, the research focuses exclusively on SBI's bancassurance services, which may limit its applicability to different organizational contexts. Efforts were made to mitigate response bias by assuring respondents of confidentiality and encouraging honest feedback.

Ethical considerations were carefully addressed throughout the research process. Participants were informed about the objectives of the study and assured that their responses would remain confidential and used solely for academic purposes. Consent was obtained prior to data collection, ensuring adherence to ethical standards.

In summary, this methodology provides a robust framework to examine how customer involvement impacts satisfaction in bancassurance at SBI. By combining quantitative measurement with qualitative insights, the study aims to deliver actionable recommendations for enhancing customer experience and service quality in bancassurance offerings.

STATEMENT OF THE PROBLEM

Bancassurance, as a strategic collaboration between banks and insurance companies, has become a vital channel for delivering insurance products to a broader customer base in India. Despite its rapid growth and potential benefits, the effectiveness of bancassurance largely depends on the degree of customer involvement and the satisfaction derived from these integrated services. At the State Bank of India (SBI), one of the largest players in the bancassurance sector, there remain critical concerns regarding how actively customers engage in the purchase and management of insurance products and how satisfied they are with the services provided.

Several challenges such as limited customer awareness, insufficient advisory support, perceived lack of transparency, and inconsistent service quality often hinder optimal customer involvement. These factors can lead to dissatisfaction, reduced trust, and lower retention rates, which ultimately affect the success of bancassurance initiatives. However, there is limited empirical research specifically addressing how these factors interact within SBI's bancassurance framework.

This study seeks to identify the gaps in customer involvement and satisfaction at SBI, examining the underlying causes and their impact on customer loyalty and service effectiveness. Understanding these dynamics is essential for improving customer engagement strategies, enhancing service delivery, and ensuring sustainable growth in bancassurance offerings. Without addressing these issues, SBI risks

underutilizing its bancassurance potential and losing competitive advantage in a rapidly evolving financial market.

NEED OF THE STUDY

The bancassurance model has transformed the way insurance products are distributed in India, offering convenience and accessibility to customers through trusted banking channels. However, the success of bancassurance depends not only on the availability of products but also on how actively customers are involved in the purchasing process and their subsequent satisfaction with the services. Despite the growing popularity of bancassurance, there is a noticeable gap in customer engagement, which often leads to dissatisfaction, mistrust, and underutilization of insurance products.

The State Bank of India (SBI), being the largest public sector bank with a vast customer base, plays a critical role in shaping the bancassurance landscape in India. Understanding the level of customer involvement and satisfaction in SBI's bancassurance offerings is essential to identify barriers, improve service delivery, and enhance customer loyalty. Such insights are crucial for SBI to refine its customer engagement strategies, tailor insurance products to meet customer needs, and provide better advisory and after-sales support.

This study is needed to address these issues by systematically examining the factors that influence customer involvement and satisfaction within SBI's bancassurance framework. The findings will not only contribute to academic literature but also provide practical recommendations for SBI and other banking institutions to optimize their bancassurance operations. Ultimately, improving customer involvement and satisfaction will benefit customers, banks, and insurance partners by fostering long-term relationships and sustainable business growth.

FURTHER SUGGESTIONS FOR RESEARCH

While this study provides valuable insights into customer involvement and satisfaction in bancassurance within the context of the State Bank of India (SBI), several areas remain open for further exploration. These suggestions aim to guide future researchers who wish to build upon the findings of this study:

1. Comparative Studies Across Banks:

Future research could compare customer involvement and satisfaction across multiple public and private sector banks offering bancassurance. This would help identify best practices, understand competitive positioning, and highlight differences in customer expectations and service delivery.

2. Longitudinal Studies on Customer Retention:

A longitudinal approach tracking customer satisfaction and behavior over time would provide a deeper understanding of how customer involvement impacts long-term retention and loyalty in bancassurance.

DISCUSSION

The findings of this study provide valuable insights into the relationship between customer involvement and satisfaction in the context of bancassurance services at the State Bank of India (SBI). The results highlight several key areas that are crucial to understanding customer behavior and expectations when engaging with insurance services offered through banking channels. One of the most significant observations is that customer awareness and understanding of bancassurance products directly influence involvement. Customers who are better informed about insurance offerings tend to ask more questions, evaluate alternatives, and participate more actively in the decision-making process. This higher level of engagement often translates into greater satisfaction, as customers feel more in control and confident about their financial choices.

The role of bank staff is also found to be critical in shaping customer experiences. Well-trained, knowledgeable, and approachable staff members who can clearly explain insurance products and guide

customers through the process significantly enhance both involvement and satisfaction. Conversely, lack of product knowledge or a transactional approach from staff can lead to confusion, mistrust, and dissatisfaction among customers. This highlights the need for ongoing staff training and a more consultative sales approach in bancassurance. Service quality emerged as another important factor. Customers valued timely service, ease of access, and responsive support—both during and after the purchase of insurance products. Many respondents indicated that prompt communication, proper documentation, and regular follow-ups influenced their satisfaction levels. This reinforces the idea that bancassurance is not merely about selling products but about delivering a full-service experience that includes after-sales support and claims assistance.

Interestingly, the study also found that digital engagement is beginning to play a more prominent role. Customers who interacted with SBI through online channels or mobile apps appreciated the convenience and transparency offered by digital platforms. However, the majority still relied on face-to-face interactions, especially when dealing with complex products like life insurance. This suggests that while digital tools can enhance customer involvement, the human element remains crucial in establishing trust and satisfaction.

Another important insight from the study is that customer satisfaction is not uniform across all segments. Factors such as age, income level, and prior experience with insurance significantly influenced how involved and satisfied customers felt. For example, younger customers with higher financial literacy were more comfortable exploring product options, while older or less tech-savvy customers preferred guidance and handholding. This points to the need for customized engagement strategies based on customer profiles.

Finally, the findings confirm that trust in the bank plays a major role in customers' willingness to purchase insurance through SBI. Most participants indicated that they chose SBI's insurance services because of the bank's reputation and their existing relationship with it. This trust acts as a foundation for increased involvement and higher satisfaction but also imposes a responsibility on the bank to uphold transparency and ethical practices in its bancassurance dealings.

CONCLUSION

This study set out to explore the relationship between customer involvement and customer satisfaction in the context of bancassurance services offered by the State Bank of India (SBI). Through a mixed-method approach that combined quantitative survey data with qualitative insights, the research has highlighted key factors influencing customer behavior and perceptions in the bancassurance space. The findings reveal a positive correlation between customer involvement and satisfaction. Customers who are more engaged in the purchasing process—by seeking information, asking questions, and evaluating their options—tend to be more satisfied with their bancassurance experience. This demonstrates the importance of enabling and encouraging customer participation through transparent communication and proper guidance. The study also emphasizes the critical role of bank staff, whose product knowledge, attitude, and ability to explain insurance options directly impact customer satisfaction. Additionally, service quality, including after-sales support and claims assistance, was found to be a major determinant of how customers perceive their bancassurance experience.

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