

Selling Bancassurance in the Digital Age

Albertus Teddy Setiadi speculates what bancassurance might look like in the year 2020 and predicts the future of how it might be marketed and sold to end consumers.



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It is an exciting time to observe exponential growth in both digital capabilities and bancassurance expansion in South East Asia. One can envisage the value potential of a successful marriage between advanced data storing, visualisation and analytical tools, alongside the wealth of data generated by the bank's back end engine. Insurance industry players have long been pondering this possibility and how to leverage this effectively to deliver value to customers, bank partners and shareholders.

Let us take few minutes to imagine how bancassurance might look like in the year 2020 and uncover the possible exciting journey ahead.

The right product for the right customers

Customers would receive relevant and meaningful insurance products that are customised based on their specific banking activity. For example, a customer who recently took a loan from the bank might receive an offer of short-term disability income cover with the benefit and term being automatically matched with the loan's monthly repayment and duration. Similarly, customers who have monthly

credit card transactions in a foreign currency, indicating a higher likelihood of frequent travel, might receive an offer of simple overseas accidental and hospital cash cover with total benefit amount equal to five times their recent average foreign currency transactions.

Their personalised offer would appear smoothly on their e-banking app notification, pop-up as a prompt on their next similar transaction or within their e-statement. It might also appear during a conversation with a bank staff whose personalised dashboard would provide relevant sales prompts and the customer's past banking transactions. This may allow the customer to feel that their needs are well understood.

To enable this, the bank would use information about its customers smartly to determine the relevant product for a customer and their insurability profile.

Determining the relevant product for customers

The bank would utilise its records of the customer's recent banking transactions, including the type of banking service used (for example, loan, salary, crediting, mortgage, etc.) and the size of the transaction (for example, size of loan taken, amount of salary credited, etc.). This



allows the bank to filter automatically and offer only the relevant insurance products that best fits the customer's profile and indicative needs. The algorithm engine would ensure that the automated filter is continuously refined based on the actual customer response towards the offer.

Determining the customer's insurability profile

Once the bank determines the relevant offer, the bank would invite customers who fit the insurability profile to purchase the product. By knowing the customer's insurability profile, the bank could facilitate a seamless fulfilment experience for the customers by reducing the need to ask any questions about their medical history.

In order to do this, the bank would collaborate with an insurer to perform advanced predictive analysis on the customer's insurability profile and produce relevant risk scoring level (for example, standard, preferred or decline). The bank could then invite the customers who have 'standard' or 'preferred' risk profiles to purchase the product. To enhance the attractiveness of the offer, a higher cover size or lower premium might be offered to customers with a 'preferred' risk profile.

This analysis will happen seamlessly at the bank's back engine using the customer's banking transaction profile as input data.

Frictionless journey

When interested, the customer would only need to conduct an easy two-step process to purchase the product which can be conveniently done via the e-banking app or by walking in to the nearest branch. The phone's biometric fingerprint identification or a simple selfie photo might be used to verify the validity of invited customers who fit within the targeted insurability profile.

Step 1 – Verifying personal details

The customer would be provided with pre-

populated basic information such as name, age and gender. This information would be pulled from the bank's existing database.

The customer would then be given the default recommended version with premium calculated based on the benefit size that is linked to the relevant banking transaction. For example, the recommended size of income protection cover would be automatically linked to the monthly mortgage repayment which helps to make the offer more intuitive to the customer. Additional cover size options, reflecting a higher and a lower cover size, would be made available via a slider with dynamic changes to the price so that the customer has the option to select one which may better fit their needs and budget due to private factors which the bank may be unaware of.

The bank would also display the range of premiums for similar products available in the market for the chosen cover size, giving the customer an added assurance that he is paying a fair price for the cover. Depending on the nature of the insurance cover offered, the customer might be required to check a simple box to confirm that they are now in good health.

The customer would only need to verify the accuracy of the presented information and proceed with the next step when satisfied.

Step 2 – Payment and key information

The customer would be able to pay for their premium by choosing the link to either their savings, credit card or e-wallet, so there would be no physical transaction detailed entry required. Future premium payment would be automated with notifications sent via the e-banking app each time a premium is collected.

At completion, the customer would be reminded of the five key important product features including the risks covered, benefits received, duration of cover, premium size and a link to

check further details of the insurance cover purchased within their e-banking app.

Seamless on-going experience

Once the insurance cover is purchased, the customer would be able to log into their e-banking app to find the purchased insurance cover within the summary of their banking portfolio. The policy contract would be seamlessly stored within the 'insurance' section of their customer dashboard. The section would also provide links to make a claim submission or change beneficiary nominations. A button, with a pop-up confirmation, would be provided for customers to terminate the insurance cover conveniently at no additional cost or penalty.

Any authorised bank staff in any channel would be able to retrieve this information when they are serving the relevant customer, whether in-branch or remotely, providing the customer with comprehensive, real-time and consistent online and off-line engagement.

Summary

The digital and bancassurance revolution promises an exciting journey in delivering value to customers, bank partners and shareholders. Modern day consumers will seek individualised and meaningful cover, delivered in a seamless manner. When done right, the bank could achieve higher sales volume and efficient fees generation whilst customers get a better experience and meaningful protection at fair prices. Higher sales, efficient fees generation and happy customers.

It is now up to the industry players to grab this exciting opportunity.

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