

Bancassurance in the Asia-Pacific Region: Strategies of the Region's Top 150 Retail Banking Groups

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Bancassurance distribution opportunities are apparent for a wide variety of different policy types among leading banks in the Asia-Pacific region.

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Based on an investigation into the insurance product portfolios of 385 retail banks belonging to 150 banking groups in 17 countries in the Asia-Pacific region, a new report by Finaccord â€“ Bancassurance in the Asia-Pacific Region: Strategies of the Region's Top 150 Retail Banking Groups â€“ shows that investment-related life insurance is the policy type most likely to be on offer from them, followed by household insurance and mortgage-related creditor insurance. At the time of the research carried out in the final quarter of 2014, 236 (61.3%) of the 385 retail banks were promoting investment-related life insurance, with household insurance policies on offer from 231 (60.0%) of them and mortgage-related creditor insurance from 209, equivalent to 54.3% of all banks but 70.4% of those offering mortgages (i.e. the relevant distributors of that type of policy).

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"Banks in the Asia-Pacific region are generally strong distributors of investment-related life insurance products, such as endowments and unit-linked policiesâ€•, comments Richard Dhuny, a Consultant at Finaccord. "This is not only true for the mature insurance markets of Japan and South Korea but also for fast-growing markets such as China, Indonesia and Thailand. However, in a number of less developed markets such as Bangladesh, Laos and Pakistan, simpler insurance policies are more prominent."

At the other end of the spectrum, of the policy types considered, trade credit and professional indemnity insurance are those least likely to be available from the 385 banks given that only ten (2.6%) and 20 (5.2%) respectively were promoting them, albeit other forms of commercial insurance, such as general purpose liability and property policies for small business customers, were available from almost one third of the same banks researched (29.6%). Apart from the two specialised commercial insurance types mentioned, other comparatively low provision rates are recorded for income protection insurance (9.1%) and card protection insurance (11.4%).

Finaccord's research also revealed that across the 17 countries, creditor insurance products linked to non-mortgage consumer loans and credit cards are considerably less important than they are in bancassurance markets elsewhere including many in Europe and Latin America. Even when banks that do not offer the underlying lending products are removed from the analysis, the availability rates among relevant distributors for creditor insurance linked to consumer finance and credit cards were only 34.3% and 24.7%, respectively.

"The absence of creditor insurance from the bancassurance product portfolios of many banks in the Asia-Pacific region is somewhat surprising given that consumer lending markets are growing rapidly in many casesâ€•, continues Richard Dhuny. "In fact, in Japan, banks and other lending institutions typically don't cross-sell creditor insurance at all with non-mortgage consumer loans or credit cards. However, the research indicates a fairly healthy appetite among banks for other policy types including not only household, investment-related life and mortgage-related creditor insurance but also accident and health, personal motor, risk life and travel policies plus retirement savings. Obviously, this creates distribution opportunities for providers of these types of insurance."