



BANCASSURANCE

Opening doors to a bright future for INSURANCE



SUKANTA HALDER

Bangladesh is set to officially launch Bancassurance today, an arrangement between banks and insurance companies to sell insurance products. This move is expected to be a game-changer, improving confidence among people and ushering in a new era, thereby encouraging more individuals to embrace insurance.

According to industry insiders, Bancassurance brings insurance one step closer to becoming a part of the customer lifestyle, leveraging banks' established dominance in the sector.

Earlier on December 11, the central bank issued a circular allowing banks to sell insurance

products on behalf of insurance companies through their extensive network.

"We can expect the wide branch network of the bank to help bring insurance products and services closer to the masses. Another important change is the improvement in regulation of the insurance industry due to Bancassurance," said Md Jalalul Azim, managing director of Pragati Life Insurance Ltd.

Azim suggested that the Bangladesh Bank and the Insurance Development and Regulatory Authority (IDRA) could work together to regulate Bancassurance activities, thereby increasing transparency in the insurance industry.

Bangladesh's

insurance penetration is notably low. Bancassurance stands as a potent instrument to alter this reality. Leveraging the expansive reach and convenience of banks can render insurance more accessible, paving the way for a potential surge in penetration. This will not only improve the industry's image but also contribute to financial security for individuals and societies, he added.

Implementing bancassurance faces challenges such as the integration of insurance and banking systems, potential conflicts of interest between the bank and insurance operations, and the need for robust risk management frameworks, he said.

To overcome these challenges, it's crucial to establish regulatory

guidelines, invest in advanced technology for seamless integration, ensure transparent communication and disclosure practices, and prioritize customer-centric approaches to build trust and mitigate conflicts of interest, he added.

For Bangladesh, bancassurance might be new, though it appears to have begun in France in the 1970s, according to Investopedia. Since then, it has been embraced by most countries, particularly those in the Asia-Pacific region.

According to research and consulting firm IMARC Group, the global bancassurance market reached a value of \$1.268 trillion in 2021.

Presently, Bangladesh is home to 35 life insurance and 46 non-life insurance companies. According to the 2023 report from the Swiss Re Institute, Bangladesh ranks lowest in insurance penetration among Asia-Pacific countries. With a penetration ratio of just 0.50 percent, Bangladesh falls significantly below global standards.

Istiaque Mahmud, head of the bancassurance department at Guardian Life, anticipates that bancassurance will likely boost insurance penetration. He suggests that a 1 to 2 percent increase in insurance penetration could contribute to a 2 to 3 percent growth in GDP.

This, he argues, would bring Bangladesh closer to achieving the sustainable development goals.

consumers by offering the convenience of purchasing insurance through their banks.

Moreover, this benefits the existing agent channel as well, as heightened awareness about insurance among the populace will likely lead to increased interest and purchases, he stated.

Over the next five years, this integration could drive considerable growth within the sector, as bancassurance sets the stage for a more inclusive and accessible insurance ecosystem in Bangladesh, he concluded.

M Khorshed Anowar, deputy managing director of Eastern Bank Limited, highlighted that the collaboration between insurers and banks has the potential to drive the development of innovative insurance products tailored to the needs of bank customers.

Bancassurance can lead to a more seamless and integrated customer experience, allowing individuals to purchase insurance policies, manage their accounts, and access other financial services all in one place. This consolidation of services may enhance customer satisfaction and loyalty, he stated.

Regarding growth expectations over the next five years, Anowar stated that Bancassurance is poised to play a pivotal role in driving expansion within the insurance sector in Bangladesh.

Anowar emphasized the complexity of ensuring compliance with regulatory requirements governing Bancassurance activities. Banks and insurers must navigate regulatory frameworks related to licensing, product approval, distribution, and consumer protection, he said.

He also highlighted the importance of comprehensive training programs for bank staff to effectively sell insurance products and advise customers on their insurance needs, emphasizing the need for insurers to invest in equipping bank employees with the necessary knowledge and skills for Bancassurance.

Designing insurance products suitable for distribution through bank channels and meeting the diverse needs of customers can be challenging, according to Anowar.

SEE PAGE J2

Bangladesh's insurance penetration is notably low. Bancassurance stands as a potent instrument to alter this reality. Leveraging the expansive reach and convenience of banks can render insurance more accessible, paving the way for a potential surge in penetration.

Ala Ahmad, chief executive officer of MetLife Bangladesh, emphasized that everyone stands to gain from Bancassurance as it promises to enhance accessibility to insurance for the people of Bangladesh. It benefits

GUARDIAN LIFE'S VISION IGNITES BANCASSURANCE REVOLUTION ACROSS BANGLADESH

A significant milestone in Guardian Life's journey was the introduction of Bancassurance to Bangladesh. Recognizing the immense potential of this initiative in reaching underserved individuals, Guardian Life played a pivotal role in championing Bancassurance, working closely with regulatory bodies and industry stakeholders to ensure its success and bring comprehensive financial protection to the people of Bangladesh. Just as with Bancassurance, Guardian Life stands out as a leader in both traditional and

unconventional insurances, proudly hosting the world's largest micro insurance project in partnership with BRAC. Additionally, we excel in the corporate insurance sector and maintain the most extensive retail network.

By introducing Country's first digital insurance platform EasyLife App we have brought innovative insurance solution to customer's hand. Insurance is more than just numbers; it's about human lives and well-being. Guardian Life grasps this truth firmly.

Our offerings, such as 24/7 customer support, an Omni-channel AI-based chatbot, and an Automated Claim Processing System, are designed to prioritize customer needs and bring innovation to the Insurance Sector. With the introduction of telemedicine consultations at your fingertips, access to 350+ Hospital Network Discount Facilities and the Guardian Digital Loyalty Card, we are bringing innovation to customers. But the story doesn't end there. Guardian Life sets its sights on the future, poised to rewrite the insurance narrative yet again by looking at the broader prospect of ensuring Total Protection via Integrated Insurance.



12 MILLION LIVES COVERED

