



TRUST Is the Policy People Buy First

MOHAMMAD ALI
Managing Director & CEO, Pubali Bank

The Daily Star (TDS): What has been your experience with bancassurance so far?

Mohammad Ali (MA): Bancassurance has really only just begun its journey in a limited way. However, from my perspective, the progress so far seems promising. There are many challenges, and one major challenge for banks is the development of human resources. At Pubali Bank— in the first batch, we recruited 50 people, selected from 50 different branches where they were already working. But when we tried to carry out transfer postings, we saw that

with Delta Life — from their side, they are very satisfied with the progress. Speaking from our end, however, I feel that the necessary publicity or awareness among customers about bancassurance hasn't really taken off yet. That's another challenge. But when we approach customers — particularly those who are looking to make long-term deposits — we've seen that they show interest in insurance.

Given that our per capita insurance coverage is still very low, we can hope that as bank insurance becomes more popular and more widely understood, and as people gain more assurance from it, interest will grow. I believe there's strong potential for growth in this sector.

TDS: What types of insurance (e.g., life, general) are currently offered through your bancassurance partnerships?

MA: Right now, we have only signed an agreement with Delta Life Insurance, a single life insurance company. In the future, based on the performance of this partnership, we plan to move forward with a general insurance company as well. Currently, we are preparing ourselves — we chose a company that has a good claims settlement record and some brand value. After partnering with them, we decided that once our human resources are sufficiently trained in life insurance, we will move on to general insurance.

If each of our branches has two or three staff members knowledgeable about insurance, then they can approach incoming customers — asking whether they are interested in insurance and informing them about the available products, alongside

general banking services. We've also assigned the person responsible for branch operations the additional role of Chief Bank Insurance Officer.

Our growth has been very encouraging. Just last month, I saw that we were issuing more than 250 policies per month — which is not bad at all. After all, the customer who purchases a policy today will keep paying instalments for the next 10 years — meaning these will eventually grow into large accounts.

TDS: What is your process for handling insurance-related complaints, and how do you ensure compliance with Bangladesh Bank and IDRA guidelines?

MA: We've received training support from IDRA. Whenever we've wanted to send a batch for training, they have provided it, and we're seeing the effectiveness of that training — those who are receiving it are able to perform well.

Additionally, our IT system developers have also provided training. So, with everything combined, I haven't received any complaints or dissatisfaction from customers, which means the staff are successfully onboarding clients.

We've instructed them to clearly explain the details to customers — this is the premium, this is what you will receive, and this is the amount you can expect.

TDS: What is your outlook on the future of bancassurance in Bangladesh?

MA: In the future, we will need to take many kinds of initiatives in the insurance sector. What I feel is, for example, health insurance is usually handled by life insurance companies,

but those companies haven't yet brought healthcare providers like diagnostic clinics under their network. We need to take such sector-specific initiatives.

For instance, think about all the corporate offices — can we raise awareness among them so they bring

In the U.S., the entire healthcare system operates through health insurance and corporate insurance. Customers never feel uncertain about whether they'll receive a claim after falling sick — whether for outpatient care or hospitalisation. That kind of tension doesn't exist there. But here, one of the biggest concerns among customers is: "Will I really receive the money if I fall ill?" Once that trust is built and people see that they actually get the support, they will understand that insurance isn't just about life and death — it's about everyday services connected to people's lives. Health is one such crucial issue, and group insurance is another.

People will only gain confidence when they see that the moment they are hospitalised, the insurance company steps forward to support them — without causing bureaucratic suffering. That trust must be built among the public.

When people experience that — someone receiving treatment, and another person asking "Who paid for it?" and they say "The insurance company" — that word of mouth becomes the best promotion.

Bancassurance is essentially a combination model — we're just providing the support service. But the moment public trust in insurance increases, the model will flourish.

There's strong potential here. We need to take proactive initiatives. Yes, there are still some gaps in our corporate governance, but if insurance companies gradually improve their claim settlements, you'll see a bright future. I really believe the future here is bright — I'm seeing a huge response.

People will only gain confidence when they see that the moment they are hospitalised, the insurance company steps forward to support them — without causing bureaucratic suffering. That trust must be built among the public. When people experience that — someone receiving treatment, and another person asking "Who paid for it?" and they say "The insurance company" — that word of mouth becomes the best promotion.

their employees under health insurance or group insurance coverage? So that both they and their families receive health support. And this should come with the kind of instant decision-making that shows our commitment — a commitment to corporate governance.

Just last month, I saw that we were issuing more than 250 policies per month — which is not bad at all. After all, the customer who purchases a policy today will keep paying instalments for the next 10 years — meaning these will eventually grow into large accounts.

operations at those branches would come to a halt. Then we realised that each branch should ideally have at least three trained staff in bank insurance within general banking. That way, even if someone is transferred, the work won't be disrupted. If we want to do this for every branch, that's the model we need. So far, we've been able to implement this in about half of our branches. We hope that by 2026, we will be able to implement this in all branches with fully-fledged human resources.

Now, for those who have received training — since we have an agreement

BANCASSURANCE'S Promise for Bangladesh

MD. RASHED AKTER

In a significant move to deepen financial inclusion and revitalise the insurance sector, Bangladesh has embraced the bancassurance model, allowing banks to sell insurance products directly to their customers and enabling insurance companies to reach a wider market without developing their own extensive distribution networks.

Global Perspective on Bancassurance

Bancassurance is a concept that originated in France in the 1980s. The term itself is a combination of the French words banque (bank) and assurance (insurance). It has gained substantial popularity globally. In countries like France, Spain, and Italy, bancassurance accounts for over 60% of life insurance premiums. In Asia, nations such as India, China, and Malaysia have successfully adopted this model, leveraging the extensive reach of banks to distribute insurance products and thereby increasing insurance penetration among the population.

Bangladesh's Entrance into Bancassurance

Recognising the potential of bancassurance, Bangladesh Bank issued a directive on 12 December 2023, permitting all 61 scheduled banks—subject to eligibility—to operate as corporate agents for insurance companies. This initiative aims to enhance the accessibility of insurance products, especially life insurance, to a broader segment of the population. Under the guidelines, each bank may partner with up to three life and three non-life insurance companies, subject to approval from the Insurance Development and Regulatory Authority (IDRA) and Bangladesh Bank, and based on the following criteria:

1. Capital to Risk-Weighted Asset Ratio (CRAR) minimum 12.5%
2. Bangladesh Bank credit rating

maximum grade 2

3. CAMELS rating maximum 2
4. Maximum Net Non-Performing Loan (NNPL) 5%
5. Positive profit in the last three consecutive years

Through this process, Bangladesh Bank ensures that only strong and financially sound banks are granted licences to operate in the bancassurance business—ensuring

Bank, Dutch-Bangla Bank, Midland Bank, Mutual Trust Bank, Prime Bank, Jamuna Bank, Pubali Bank, United Commercial Bank, and Premier Bank.

Many of these banks have already begun offering insurance products through their branch networks, telesales, and digital platforms. According to IDRA, 8,413 insurance policies were sold through banking channels as of December 2024. Life insurance policies

BANCASSURANCE




Many of these banks have already begun offering insurance products through their branch networks, telesales, and digital platforms. According to IDRA, 8,413 insurance policies were sold through banking channels as of December 2024.

greater safety and security for customers and long-term sustainability for the model. Not all banks will receive licences unless they meet the regulatory criteria. As of now, only 12 out of the 61 scheduled banks have met the requirements and received approval to commence bancassurance operations. These pioneering institutions include City Bank, Eastern Bank, Standard Chartered Bank, BRAC

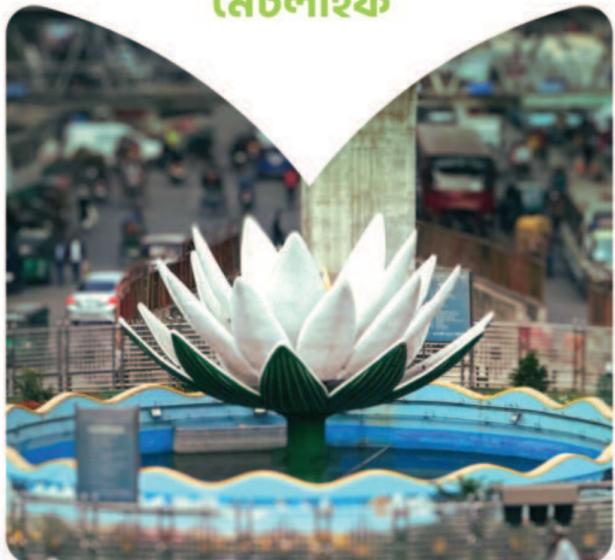
have proven to be more popular than non-life products within the bancassurance model.

Training and Capacity Building

To ensure the effective implementation of bancassurance, the Bangladesh Insurance Academy (BIA) has played a key role in training bank personnel. Since the initiative's launch,

SEE PAGE J6

বীমার আর্থিক সুরক্ষা নিয়ে
বাংলাদেশের মানুষের পাশে
মেটলাইফ



- AAA ক্রেডিট রেটিং (সবচেয়ে শক্তিশালী আর্থিক সক্ষমতার পরিচায়ক)
- দেশজুড়ে ১০ লাখের বেশি সন্তুষ্ট গ্রাহক

- ২০২৪ সালে ২,৮৯৫ কোটি টাকার বীমা দাবি পরিশোধ
- সেবা করদাতা প্রতিষ্ঠান



জীবনের পথে চলি একসাথে