A STUDY ON FACTORS INFLUENCING THE SELECTION OF BANCASSURANCE IN MADURAI DISTRICT

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Introduction

In today's financial market, consolidation has become a natural corollary of changing client demands, technology and relaxation of financial regulations across the globe. A survey carried by SIGMA (1992) reveals that customers prefer one-stop financial shopping. The convergence of Telecom and computation, and the progress made in technology itself is making delivery of customized products possible, that too all from one source. As a sequel, giant conglomerations of banking, insurance and securities underwriting are dawning on financial markets. One such resulting phenomenon is Bancassurance. Bancassurance – a term coined by combining the two words - Bank and insurance – connotes distribution of insurance products through banking channels. Bancassurance has been defined as the Provision of distributing insurance and banking products and services through a common distribution channel to the same client base. It is basically selling insurance products and services by leveraging the vast customer base of a bank and fulfilling the banking and Insurance needs of the customers at the same time.

Banks with their geographical spread and penetration in terms of customer reach of all segments have emerged as a viable source for the distribution of insurance products. Bancassurance covers a wide range of detailed arrangements between banks and Insurance companies, but in all cases it includes the provision of insurance and banking products or services from the same sources to the same customer base. Bancassurance takes the various forms depending upon the demography, economic and legislative climate of the country. The demographic climate will determine the kinds of insurance products. The economic climate will determine the trends in terms of turnover, market shares etc. The legislative climate will decide the periphery within which bancassurance has to operate. The motive behind the bancassurance also differs. For banks it just acts as a means of product diversification and additional fee income, for insurance company it acts as a tool for increasing their market penetration and for customers it acts as a bonanza in terms of reduced price, high quality products and delivery to door steps. Hence, it is a win-win situation for all the parties involved in Bancassurance.

Objectives of the Study

The following are the main objectives of the study.

1) To study the demographic variables of the samples respondents and
2) To analyses the factors influencing the selection of bancassurance in Madurai District

Methodology

The study is based upon both primary data and secondary data. The primary data were collected through direct personal interview with the help of a structured interview schedule. The secondary data were collected from journals, articles, books and websites. Thus, selections of bancassurance in Madurai district have been analyzed with the help of percentage analysis and chi-square test.

Sampling Design

To study the factors influencing the selection of bancassurance in Madurai district 350 sample were selected for this study. Hence, the respondents were selected by simple random adopting convenient sampling method.

Factors Influenceing and the Level of Opinion

The personal variables which might influence the level of opinion of the policy holder's age, marital status, type of family, educational qualification, family size. The significance of the relationship of all the above variables with the opinion of the sample respondents on their level of opinion has been analyzed by applying statistical techniques such as the Chi-square Test.

Chi-Square Tests

In order to examine the relationship between the influencing factors, demographic characteristics and their level of opinion of the policy holders. A chi-square test has been carried out. A chi-square test represents a useful method of comparing experimentally obtained data with those expected theoretically. It is calculated by adopting the following formula:

Chi- square Test(x^2) = $\sum \frac{(0-E)}{}$

E= $\frac{\text{Row total X Column Total}}{\text{Grand Total}}$ with (r-1) (c-1) degrees of freedom

Where, O= Observed frequency

E= Expected Frequency

C= Number of columns in a contingency Table

R = Number of rows in a contingency Table.

Null hypotheses have been formulated to test the relevance of the attributes. The calculated value of chi-square test is for the given degrees of freedom at 5 per cent

level of significance. If at the stated level the calculated value (c.v) is more than the table value (t.v) then the null hypothesis is rejected and otherwise it is accepted.

Age and Level of Opinion

Age is considered a crucial factor in determining the attitudes and behavior of human beings. Hence, an attempt has been made to study the level of opinion of different age groups of the sample respondents. For this purpose, the age of the respondents has been classified as below 25 years and above 25 years

The level of opinion has been divided into low, medium and high based on the opinion value. The distribution of the sample respondents by their age and level of opinion are given in Table .1

Table 1 Age and Level of Opinion

Age	Age and Level of Opinion			Total
	Low	Medium	High	
Below 25	30	143	69	242
	(8.6)	(40.9)	(19.7)	(69.1)
Above 25	29	69	10	108
	(8.3)	(19.7)	(2.9)	(30.9)
TOTAL	**59**	**212**	**79**	**350**
	(16.9)	**(60.6)**	**(22.6)**	**(100)**

(Figures in brackets represent percentages to total in each category)
Source: Primary Data.

It is seen from Table 1 that out of 59(16.9) sample respondents with low level of opinion, 30(8.6%) fall in the age group of below 25 years and 29 (8.3%) of them are above 25 years. Among 212(40.9%) respondents with medium level of opinion, 143 (40.9%) are in the age group of below 25 years and 69 (19.7%) are in the age group of 25 years and above.

It is found that, out of 79(22.6%) respondents with high level of opinion, 69(19.7%) are in the age group of below 25 years and 10(2.9%) are in the age group of 25 years and above. On the total, it is found that among the 350 respondents, 242 (69.1%) are in the age group of below 25 years whereas 108(30.9%) are in the age group of 25 years and above.

In order to test the relationship between age and level of opinion of the respondents, the following null hypothesis has been formulated:

“There exists no relationship between age and level of opinion”.

The chi-square test was applied to examine the null hypothesis and the computed results are given in Table 2.

Table 2 Age and Level of Opinion: Chi-square Test

Sl No	Particulars	Respondent Level
1	Calculated Value	21.80
2	Table Value at 5% level of significance	5.99
3	Degrees of freedom	2
	Inference	Significant

Table 2 reveals that the calculated value of the chi-square test is more than the table value at the 5 per cent level of significance with 2 degrees of freedom. It shows that the null hypothesis is rejected. Hence there is relationship between the age and the level of opinion of the sample respondents.

Marital Status and Level of Opinion

Table 3 shows the marital status and level of opinion.

Table 3 Marital Status and Level of Opinion

Marital Status	Marital Status and Level of Opinion			Total
	Low	Medium	High	
Married	**32**	**63**	**26**	121
	(9.1)	**(18)**	**(7.4)**	(34.6)
Unmarried	**27**	**149**	**53**	229
	(7.7)	**(42.6)**	**(15.1)**	(65.4)
	59	**212**	**79**	**350**
TOTAL	**(16.9)**	**(60.6)**	**(36.0)**	**(100)**

(Figures in brackets represent percentages to total in each category)

Source: Primary Data.

It is clear from Table 3 that out of the 79 (22.6%) sample respondents with high level of opinion 53 (15.1%) are unmarried 26 (7.4%) are married. Among 212 (60.6%) respondents with medium level of opinion, 149 (42.6%) are unmarried and 63 (18%) are married. It is found that, out of the 59 (16.9%) respondents with low level of opinion, 32 (9.1%) are married 27 (7.7%) are unmarried. It is found that among the total of 350 respondents, 121 (34.6%) are married whereas 229 (65.4%) are unmarried. In order to test the relationship between marital status and the level of opinion of the respondents, the following null hypothesis has been formulated:

"There is no relationship between marital status and the level of opinion".

The chi-squares test was applied to examine the null hypothesis and the computed results are given in Table 4.

Table 4
Marital Status and Level of Opinion: Chi-square Test

Sl No	Particulars	Respondent Level
1	Calculated Value	12.39
2	Table Value at 5% level of significance	5.99
3	Degrees of freedom	2
	Inference	Significant

Table 4 reveals that the calculated value of the chi-square test is more than the table value at the 5 per cent level of significance with 2 degrees of freedom. So the null hypothesis is rejected, proving that there is a relationship between the marital status and level of opinion of the sample respondents.

Type of family and Level of Opinion

The distributions of the respondents by their type of family are shown in the Table 5.

Table 5 Type of Family and Level of Opinion

Type of Family	Type of Family and Level of Opinion			Total
	Low	Medium	High	
Joint Family	**35**	**126**	**34**	195
	(10)	**(36)**	**(9.7)**	(55.7)
Nuclear	**24**	**86**	**45**	155
	(6.9)	**(24.6)**	**(20.9)**	(44.3)
TOTAL	**59**	**212**	**79**	**350**
	(16.9)	**(60.6)**	**(36.0)**	**(100)**

(Figures in brackets represent percentages to total in each category)

Source: Primary Data.

It is inferred from Table 5 that out of 79 (36.0%) sample respondents with high level of opinion, 45 (20.9%) have nuclear family type, 34 (9.7%) have joint family. Among 212 (60.6%) respondents with medium level of opinion, 126 (36%) have joint family, 86 (24.6%) have nuclear family.

Out of 59 (16.9%) respondents with low level of opinion, 35 (10%) have joint family and 24 (6.9%) have nuclear family.

On the total, it is found that among the 350 respondents, 195 (55.7%) have joint family, 155 (44.3%) nuclear family.

In order to test the relationship between marital status and the level of opinion of the respondents, the following null hypothesis was formulated:

“There is no association between the type of family and the level of opinion”.

The chi-squares test was applied to examine the null hypothesis and the computed results are given in Table 6.

Table 6 Type of Family Level of Opinion Chi-square Test

Sl No	Particulars	Respondent Level
1	Calculated Value	6.65
2	Table Value at 5% level of significance	5.99
3	Degrees of freedom	2
	Inference	Significant

Table 6 reveals that the calculated value of chi-square test is more than the table value at the 5 per cent level of significance with 2 degrees of freedom and the null hypothesis is rejected. Hence, there is relationship between the type of family and the level of opinion of the sample respondents**.**

Educational Qualification and Level of Opinion

The distribution of the respondents by their educational qualification and level of opinion is shown in Table 7.

Table 7 Educational Qualification and Level of Opinion

Educational Qualification	Educational Qualification and Level of Opinion			Total
	Low	Medium	High	
Graduate	29 (8.3%)	107 (30.6%)	39 (11.1%)	175 (50.0%)
Post-graduate	18 (5.1%)	76 (21.7%)	40 (11.4%)	134 (38.3%)
Non - graduate	12 (3.4)	29 (8.3)	0 (0)	41 (11.7)
TOTAL	**59 (16.9)**	**212 (60.6)**	**79 (36.0)**	**350 (100)**

(Figures in brackets represent percentages to total in each category)

Source: Primary Data.

It is observed from Table 7 that out of the 350 respondents, 175 (50.0%) are graduates, 134 (38.3%) are Post graduates and 41(11.7) are non- graduates. Out of 79 (22.6%) respondents with high level of opinion, 40 (11.4%) are post graduates, 39 (11.1%) are graduates.

Among 212 (60.6%) respondents with medium level of opinion, 107 (30.6%) are graduates, 76 (21.7%) are post graduates and 29(8.3%) are non- graduates. Further, the above Table shows that out of the 59 (16.9%) respondents with low level of opinion, 29 (8.3%) are graduates, 18 (5.1%) are Post graduates and 12(3.4%) are non- graduates.

In order to test the relationship between educational qualification and the level of opinion, the following null hypothesis was formulated. "There is no relationship between educational qualification and the level of opinion."

The chi-square test was applied to examine the null hypothesis and the computed results are shown in Table 8.

Table 8 Educational Qualification and Level of Opinion: chi-square Test

Sl No	Particulars	Respondent Level
1	Calculated Value	18.13
2	Table Value at 5% level of significance	9.49
3	Degrees of freedom	4
	Inference	Significant

It is clear from Table 8 that the calculated value of the chi-square test is more than the table value at 5 percent level of significance with 4 degree of freedom. So the null hypothesis is rejected and there is a relationship between educational qualification and level of opinion.

Family Size and Level of Opinion

Family size is one of the important factors that may influence the level of opinion. The distribution of the respondents by their family size and the level of opinion is presented in Table 9.

Table 9 Family Size and Level of Opinion

Family Size	Family Size and Level of Opinion			Total
	Low	Medium	High	
Up to 4	35 (10.0)	141 (40.3)	39 (11.1)	215 (61.4)
Above 4	24 (6.9)	71 (20.3)	40 (11.4)	135 (38.6)
TOTAL	59 (16.9)	212 (60.6)	79 (36.0)	350 (100)

(Figures in brackets represent percentages to total in each category)

Source: Primary Data.

It is seen from Table 9 that out of 79 (22.6%) sample respondents with high level of opinion, 40 (11.4%) have up to 4 members within families, 39 (11.1%) up to 4 members. Out of 212(60.6%) respondents with medium level of opinion, 141 (40.3%) have families

with 4 members and 71 (20.3%) have families with above 4 members. Among 59 (16.9%) respondents with low level of opinion, 35 (10%) have families with 4 members, 24 (6.9%) have families above 4 members.

On the total, it is found that among the 350 respondents, 215 (6.9%) have families of 4 members whereas 135 (38.6%) have families of above 4 members. In order to test the relationship between the family size and level of opinion, the following null hypothesis was formulated: "There is no association between Family size and the level of opinion". The chi-square test was applied to examine the null hypothesis and the computed results are given in Table 10.

Table 10 Family Size and Level of Opinion: Chi-square Test

No	Particulars	Respondent Level
1	Calculated Value	33.24
2	Table Value at 5% level of significance	5.99
3	Degrees of freedom	2
	Inference	Significant

Table 10 reveals that the calculated value of the chi-square test is more than the table value at the 5 per cent level of significance with 2 degrees of freedom. So the null hypothesis is rejected. There is relationship between the family size and the level of opinion of the sample respondents.

Conclusion

It is clear from study out of five variables, such as age, marital status, type of family, educational qualification and family size are associated with the level of opinion.

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