International Journal of Creative and Open Research in Engineering and Management
ISSN: 3108-1754 (Online)
Volume 02 Issue 11 November-2026 | Impact Factor: 3.5



A Study on Customer Awareness and Satisfaction Towards Bancassurance Services

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How to Cite this Article:

Gavali, S. (2026). A Study on Customer Awareness and Satisfaction Towards Bancassurance Services. International Journal of Creative and Open Research in Engineering and Management, 02(11), 1-9. https://doi.org/10.55041/ijcope.v2i11.031

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https://doi.org/10.55041/ijcope.v2i11.031

Abstract

Banks in India sell a great deal of life insurance, but how much of it do customers really understand? This paper tries to answer that for one group of customers in Pune. Over June and July 2026 I surveyed 150 people who were approached through the field marketing of a Bank of Baroda–IndiaFirst Life distribution associate. The questions covered what they knew about bancassurance, how it compares with other places to put savings, why they bought, and how they felt afterwards. Three products were the focus: the Long Guaranteed Income Plan, the Guarantee of Life Dreams Plan and the Mahajeevan Plus Plan. The answers were analyzed with simple percentages and cross-tabulations.

Fewer than half the respondents (45.3%) said they fully understood what bancassurance is, and knowledge of the three products ran from 38% to 54%. Most people had first heard about it from bank staff (45.3%), and trust in the bank was the reason given most often for buying (80.7%). Of the 97 respondents who had bought a policy, 55.7% were satisfied or highly satisfied, 32.0% felt neutral and 12.4% were unhappy. People who were fully aware of bancassurance bought far more often than those who were not (77.9% against 37.9%). Because the sample was one of convenience, the findings describe the people reached and should not be stretched to the whole market. The paper ends with a few practical suggestions on explaining products clearly, choosing whom to approach and keeping in touch after a sale.

Keywords: bancassurance, customer awareness, customer satisfaction, life insurance, Bank of Baroda, IndiaFirst Life, retail investment

1. Introduction

Most of us have met it without knowing its name. You go to a branch to open a deposit or sort out a loan, and somewhere in the conversation someone mentions a life insurance plan. That is bancassurance. The bank already knows your salary and your savings habits, so a recommendation from the branch starts with a head start in trust, and the insurer gets a distribution network it could never afford to build alone.

The numbers show how well it works. Insurers promoted by banks, among them SBI Life, HDFC Life and IndiaFirst Life, depend on this channel for a large part of their new business, and total new business premium for the sector in 2025–26 was reported at around Rs. 4.6 lakh crore, up roughly 15–16% on the year before (IRDAI, 2026; ICRA, 2026). Yet insurance penetration is still only about 4.2% of GDP.

Strong sales do not prove that customers understand what they have bought. Someone may sign because a person they trust at the branch suggested it, without being sure which benefits are guaranteed, which depend on bonuses, or for how many years the premium must be paid. With savings-type policies the mismatch tends to show up only at maturity, long after the sales target has been met.

This paper grew out of my on-the-job training with a distribution associate in Pune, where I spent several weeks meeting prospects, answering their questions and collecting questionnaires. I wanted to know four things. How much



do customers know? How do they rate bancassurance next to the options they already use? What tips them into buying? And how do they feel afterwards?

2. Background and Review of Literature

2.1 Why banks sell insurance well

Financial intermediation theory offers a neat explanation of why banks are good at this. A bank sees how money moves through a customer's account, so it has a fair idea of income, stability and life stage. That saves the effort, and the suspicion, a stranger would face. In bancassurance, the trust built up by the banking relationship is passed on to the insurance product.

2.2 Awareness, attitude and purchase

Ajzen's (1991) Theory of Planned Behavior says intention comes from a person's attitude, the pressure they feel from others, and how capable they feel of acting. Applied here, knowing a plan exists is only the first step; the customer also has to think it is right for them and feel able to go ahead. Rogers (2003) adds that new ideas travel through a population unevenly, depending on who is exposed to them and how complicated they look. Terms such as non-participating, guaranteed additions and surrender value do not come up in everyday talk, so both ideas suit this product category well.

2.3 Services marketing

A policy cannot be tried before it is bought. So customers judge the person selling it, the buying process and the paperwork instead. This is the thinking behind the extended marketing mix for services (Booms & Bitner, 1981), which adds people, process and physical evidence to the usual four Ps. At a bank counter, the employee explaining the plan is, for many buyers, the product.

2.4 What earlier work tends to find

Earlier research on bancassurance and insurance demand in developing markets keeps returning to a handful of points. Trust in the bank often counts for more than the details of a plan. People with better financial literacy know more about insurance and are more likely to own it. Households lean toward safe instruments such as bank deposits and small savings schemes. Selling through banks keeps costs down but can mean less careful needs assessment, which raises the risk of mis-selling. Satisfaction depends a great deal on what happens after the sale, such as claims, reminders and complaint handling. Regulators have also been pressing for clearer disclosure and better suitability checks. I wanted to see how many of these points show up in a small field sample from Pune.

2.5 The products studied

I looked at three IndiaFirst Life plans sold through Bank of Baroda. The Long Guaranteed Income Plan (LGIP) and the Guarantee of Life Dreams Plan (GOLD) are non-linked, non-participating savings plans with guaranteed benefits. The Mahajeevan Plus Plan is a non-linked, participating money-back plan. Its sum assured is guaranteed, but part of what is finally paid depends on bonuses the insurer declares each year. That difference matters later in the discussion.

3. Objectives

1. To measure how aware customers are of bancassurance and of the three products studied.
2. To see how bancassurance is perceived next to other retail investment options.
3. To identify the factors that influence a decision to buy.
4. To measure satisfaction among customers who have bought a bancassurance product.
5. To suggest ways of improving awareness, conversion and satisfaction.



4. Research Methodology

Design. The study is descriptive and cross-sectional: it takes a snapshot of what one group of people knew and felt at a single point in time.

Data. The main data came from a structured questionnaire in five parts: personal details, awareness, preferred places to invest, reasons for buying, and satisfaction for those who had bought. Most questions offered fixed choices, a few allowed more than one answer, and satisfaction was rated on a five-point scale. I administered it in person during field visits and follow-up meetings; a few people who preferred to answer in their own time used a shared online form. For background and sector figures I used IRDAI and ICRA publications, company brochures and press releases, and industry reports.

Sample. Respondents were 150 adults in and around Pune, reached through field visits, referrals and phone calls during the study period. I picked them by convenience and judgment, not at random. Ninety-seven of the 150 said they had bought a bancassurance product, and these 97 are the base for the satisfaction results.

Analysis. I coded the answers in a spreadsheet and worked with percentages, frequency tables and cross-tabulations. With a non-random sample, significance tests would suggest more certainty than the data can support, so I did not use them. Differences between groups are described as patterns, not as proven relationships.

Ethics. Taking part was voluntary. I collected no names or contact details, and anyone who had not bought a product could skip the satisfaction section. The survey was kept separate from any sales conversation.

5. Data Analysis and Interpretation

5.1 Who responded

Men made up 60.7% of respondents and women 39.3%. Ages were spread fairly evenly across the 21–50 range (26.7%, 26.7% and 25.3% in the three bands), with 16.7% aged 51–60 and only 4.7% above 60. Salaried people were the biggest group at 42.7%, then self-employed or business owners (22.0%), professionals (15.3%), homemakers (11.3%) and retired respondents (8.7%). The most common income band was Rs. 3–6 lakh (31.3%). About 86% had banked with Bank of Baroda for more than two years, so these are mostly established customers, not new ones.

5.2 Awareness of bancassurance

Awareness level	Respondents	Share
Fully aware	68	45.3%
Partially aware	53	35.3%
Not aware	29	19.3%

Fewer than half the sample could be called fully aware. The rest were only partly aware or had not heard of it, even though most had banked there for years. My guess is that many customers simply file an insurance plan from the branch under “bank products”, next to deposits and loans, without seeing it as something separate.

5.3 Where people hear about it

Source of information	Share
Bank staff / relationship manager	45.3%
Friends and family	20.0%
Online / social media	18.0%
Advertisements	12.0%
Newspaper / TV	4.7%



Bank staff came first by a wide margin. Advertising and online media together reached only about 30% of respondents. For a product this hard to explain, a person talking it through seems to count for more than a campaign.

5.4 Awareness of individual products

GOLD was known to 54% of respondents, LGIP to 48% and Mahajeevan Plus to 38%. I think promotion explains most of this. GOLD is a newer flagship launch, while Mahajeevan Plus is older and simpler and gets less attention at the counter and in the field. That is my reading; the survey did not test it directly.

5.5 How bancassurance compares with other options

Investment avenue (multiple answers allowed)	Share of respondents
Bank fixed deposit	78.7%
Life insurance / bancassurance	64.0%
Mutual funds / SIP	49.3%
Public Provident Fund	40.7%
Gold / Sovereign Gold Bond	36.7%
Real estate	18.7%
Direct equity	16.0%

Fixed deposits stayed on top, with bancassurance second and mutual funds third. That is what you would expect from households that put safety first. It also hints that plans built around guaranteed returns match what these respondents already look for, as long as they know the plans exist.

5.6 What drives a purchase

Factor (multiple answers allowed)	Share of respondents
Trust in the bank / brand	80.7%
Convenience of banking and insurance in one place	69.3%
Guaranteed or assured returns	65.3%
Recommendation by bank staff	59.3%
Tax benefit under Sections 80C and 10(10D)	54.7%
Life cover along with savings	51.3%
Lack of awareness of alternatives	27.3%

Trust stood well clear of everything else. Tax benefits and life cover, which usually headline an insurance pitch, came behind the reasons that grow out of the relationship with the bank. Only 27.3% said they bought because they did not know of alternatives, so most buyers felt they had chosen on purpose. I would treat that with some care, since people cannot always tell what they were never shown.



5.7 Satisfaction after purchase

Satisfaction level (n = 97)	Respondents	Share
Highly satisfied	17	17.5%
Satisfied	37	38.1%
Neutral	31	32.0%
Dissatisfied	9	9.3%
Highly dissatisfied	3	3.1%

A little over half of buyers (55.7%) were satisfied or highly satisfied, and 12.4% were unhappy. The figure that stuck with me is the 32.0% who answered neutral. These customers had no real complaint, but nothing impressed them enough to recommend the plan either. Better contact after the sale looks like the obvious place to start with them.

5.8 Awareness and buying

Awareness level	Share who bought a product
Fully aware	77.9%
Partially aware	50.9%
Not aware	37.9%

This was the clearest pattern in the survey, with a gap of about 40 percentage points between the fully aware and the unaware. The data cannot say which way the link runs. People who understand bancassurance may be readier to buy, but people who have bought also learn about it along the way. Probably both are happening.

5.9 Income, occupation and age

Income showed a loose link with preference. Among those earning below Rs. 3 lakh, 65.5% named a fixed deposit as their single favorite option and 24.1% named life insurance or bancassurance. In the group earning above Rs. 10 lakh the order flipped: 35.3% chose a fixed deposit and 50.0% chose bancassurance.

Occupation and age made less difference. Salaried respondents had the highest share of fully aware people (51.6%) and retired respondents the lowest (30.8%), with the others in between. Awareness of GOLD ran from 50% to 64% across age groups, with no clear trend. Neither age nor occupation divides the aware from the unaware as sharply as awareness itself divides buyers from non-buyers.

6. Findings

1. Fewer than half the respondents (45.3%) fully understood bancassurance, and about one in five had never heard of it.
2. Most people learned about it through direct contact with bank staff or a sales associate; ads and social media played a smaller part.
3. Knowledge of the three plans was uneven: GOLD was best known, Mahajeevan Plus least.
4. Fixed deposits were the favorite, with bancassurance a clear second.
5. Trust in the bank was the strongest reason for buying, followed by convenience and guaranteed returns.
6. Buyers were mostly positive but not enthusiastic, with nearly a third neutral.
7. Awareness was the factor most closely tied to buying. Age and occupation mattered less, and income showed a weaker link with investment preference.



7. Discussion

What these results suggest is a channel that is strong on trust and weak on understanding. Customers believe in the bank, and that belief carries a great deal of the selling. But the same trust can lead someone to accept a recommendation without checking the details, and the awareness figures hint that some buyers may not fully know what they hold.

Mahajeevan Plus shows why this matters. In the field it was often pitched as a "double the money" plan, yet part of the payout depends on bonuses that have not been declared. A customer who remembers only the headline could feel let down at maturity if bonuses come in low. Some of the neutral customers may feel this kind of gap between what they expected and what they got, although I did not ask about it directly.

There is a business point too. If awareness is what separates buyers from non-buyers, then time spent explaining a plan properly is not a courtesy. It is the heart of the sale, and it also guards against disappointment later.

8. Suggestions

- **Say plainly what is guaranteed and what is not.** A one-page comparison of the three plans, separating fixed benefits from bonus-dependent ones, would help staff and customers alike.
- **Fit the plan to the person.** Lower-income and older customers who lean toward fixed deposits may respond to a safety and guaranteed-income message, while higher-income customers may be more open to savings-plus-cover.
- **Give the lesser-known plans more attention.** Mahajeevan Plus is simple and suits cautious first-time buyers, yet it is the least known of the three.
- **Stay in touch after the sale.** Premium reminders, yearly benefit statements and a friendly check-in call could move neutral customers toward satisfied ones.
- **Train people to hold a conversation, not just to hit a target.** Staff are the main channel, so how well they explain a plan is how good the product feels.

9. Limitations

The sample is small and was picked by convenience, so the results cannot be applied to all bancassurance customers, or even to all of Pune. Most respondents were reached during sales activity and may have been more open to the idea than the average person. Awareness and satisfaction were self-reported, and answers given close to a sales conversation may sound happier than private ones. Reasons for buying were recalled after the fact and may have been tidied up in memory. The study is also a single snapshot, so it says nothing about lapsed policies or how feelings change over time. Finally, I applied no significance tests, so group differences are best read as hints.

10. Scope for Further Research

A larger random sample across several cities would help, as would a comparison with other bank–insurer partnerships and a follow-up with the same buyers after a year or two. It would also be worth testing directly how well customers understand the difference between guaranteed and bonus-linked benefits.

11. Conclusion

In this sample, bancassurance runs on trust in the bank and on face-to-face explanation by the person selling. Awareness is patchy, satisfaction after buying is fairly good but not strong, and the clearest link in the data is between knowing about bancassurance and buying it. For banks, insurers and their partners the lesson is simple: explain clearly and keep in touch, because that is how trust turns into lasting satisfaction.



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