

## A COMPETENCY MODEL FOR EFFECTIVE TRAINING IN BANCASSURANCE

P.Srilatha\*

Dr. Lokanandha Reddy Irala\*\*

K.Madhavi\*\*\*

### ABSTRACT

People are the most valuable assets. However, in reality, the greatest challenge faced by any organization is that human resources remain undervalued, underutilized or under trained. In order to combat with this challenge, every organization must ensure that they have the right people capable. Globalisation, favourable economic climate, growing urbanization, increasing consumerism, technology and rise in the standard of living increased the demand for financial products and services and generated greater employment opportunities. Increased competition world-wide is forcing the learning organizations to find innovative ways to design and deliver cost-effective training. Although there is an increasing awareness in education and employment, with dynamic regulatory provisions, high employee turnover, spread of workforce across boundaries, getting the right person for right job at the right time became difficult and necessitated the effective training especially in banking and insurance sectors.

The present study makes an attempt to propose a competency model to impart effective training for bancassurers. For this purpose, the article proposes the ASTD (American Society for Training and Development) competency model to provide a strategy for successful professional training.

---

\* Ph.D. Research scholar, JNTU, Hyderabad,

\*\* Director, KKC Group of Institutions, Puttur, A.P.,

\*\*\* Assistant professor, Nizam college, Basheerbagh, Hyderabad,

## 1. Introduction

People are the most valuable assets. However, in reality, the greatest challenge faced by any organization is that human resources remain undervalued, underutilized or under trained. In order to combat with this challenge, every organization must ensure that they have the right people capable. Increased competition world-wide is forcing the learning organizations to find innovative ways to design and deliver cost-effective training. Thus, training, as an important HRD (human resource development) function, refers to the methods employers use to give new or present employees the skills they need to perform the jobs effectively and efficiently.

## 2. Need and Importance

Globalisation has resulted in favourable economic climate in the form of growing urbanization, increasing consumerism, technology and rise in the standard of living. All these factors increased the demand for financial products and services and generated greater employment opportunities. Considering the complexity in the financial sector, the requirement for quality manpower is inevitable. Although there is an increasing awareness in education and employment, with dynamic regulatory provisions, high employee turnover, spread of workforce across boundaries, getting the right person for right job at the right time became difficult and necessitated the effective training especially in banking and insurance sectors.

## 3. Review of Literature

Dr. V. Sreedevi et al (2014) suggested that performance appraisal and sales training needed to be emphasized for improved performance in bancassurance business in India. Alok kumar & Pankaj kumar pandey (2013) found that the most common challenges to success are poor manpower management, lack of a sales culture within the bank and no involvement by the branch manager.

Anju verma and Renu bala (2012) concluded that bancassurance would provide cost effective channel to increase the life insurance density and penetration. Sumathi Kumaraswamy (2012) examines the bancassurance business of India and suggests that, with the increasing usage of information technology and enhanced customer sophistication, bancassurance is expected to play an important role in future growth of life insurance. T.Hymavathi Kumari (2012) concluded that better trained bank employees as well as the informative marketing material can give boost to business. Dr.NanditaMishra (2012) concluded that adequate training coupled with sufficient

incentive system could bring success to the bancassurance. Dr. Shefali Verma et al (2011) found that training plays a very important role in the success of any organization because directly or indirectly it affects the performance of the employees. Through training opportunities, workers can develop and maintain skills that are required for employment in a continually changing workplace. Pang-Ru Chang, Jin-Lung Peng and Chiang Ku Fan (2011) found that a salesperson in a traditional sales channel sells diversified financial products, but financial specialists in banks need more training about insurance products to function well in bancassurance channels.

Thus, earlier studies emphasized on the significance of training needs in promoting insurance for bankers.

#### **4. Methodology**

The present study makes an attempt to propose a competency model to impart effective training for bancassurers. For this purpose, the article proposes the ASTD (American Society for Training and Development) competency model to provide a strategy for successful professional training. Training programs often aim to develop the competencies or skills the person needs to do his or her job. A competency model consolidates an overview of the competencies (the knowledge, skills and behaviours) someone would need to do a job well. This model identifies training and development skill gaps to accomplish individual goals in consistent with the organizational goals. The components of this model are applied to suit the training needs of bancassurers and can serve as the base for continuous needs to address the challenges and problems faced by the bancassurers. This can, in turn, be modified to supplement the existing training modules.

#### **5. Training in bancassurance business**

At present, insurance employment provides attractive career opportunities and better compensation. This calls for hiring the right profile employees and giving them quality training in accordance with the industry standards and thereafter retaining them for efficient conduct of business. Hitherto, for insurance education and training, the Indian insurance companies drawn support from Chartered Insurance Institute (London) and Institute of Actuaries (London). On 30th June 1955, the Federation of Insurance Institutes floated 'Insurance Institute of India' and established 'College of Insurance' for providing insurance education and attempted to fill the gap in the area of continuous training needs of the Indian insurance industry.

It is seen that the traditional banking undergone a sea change requiring a whole range of services to suit the requirements of diversified customers. Insurance firms use a variety of intermediaries such as individual agents, brokers, banks and direct selling and sometimes, a mix of two or more channels of distribution. On the recommendations of Malhotra Committee, banks participated in the insurance sector. With the intensity of competition, the profit margins have dwindled and banks had to look for alternative business solutions. Bancassurance is a strategy whereby the bank cross-sells insurance products through its own distribution channels called branches to its customers. Thus, 'Bancassurance' constitutes three parties – the bank, the insurer and the insured (customer).

According to the IRDA, the life insurance industry recorded a premium income of Rs.3,14,283 crore during 2013-14 as against Rs.2,87,202 crore in the previous financial year, registering a growth of 9.43 per cent (0.05 per cent growth in previous year). During 2013-14, life insurers issued 408.72 lakh new policies. The non-life insurance industry had underwritten a total premium of Rs.70610 crore in India for the year 2013-14 as against Rs.62973 crore in 2012-13, registering a growth of 12.13 per cent as against an increase of 19.10 per cent recorded in the previous year. As regards channel-wise distribution of policies, bancassurance has become an important channel in many countries and particularly in the emerging economies like India. It is because the channel offers several advantages such as low distribution cost, wide geographical spread of bank branches, enjoying customer loyalty and significant reduction of distribution and other administrative costs. In 2012-13, the bancassurance channel alone contributed to 2452767 number of life policies with a premium of Rs. 10072.96 crore. In case of non-life business also, the banks floated 7826000 policies amounting to a gross premium income of Rs.4186 crore. During 2013-14, the share of banks in total individual new business had gone down from 16.18 per cent in 2012-13 to 15.62 per cent in 2013-14. Earlier, only on-the-job training was given for newly appointed agents. However, this is slowly replaced with the formal training with the rapid expansion of big players like ICICI Life Insurance, ICICI Lombard, HDFC Life Insurance and Tata AIG General Insurance. Moreover, high attrition rate of agents in the insurance industry especially due to low remuneration for the last three years raised concern as it adversely affects life insurers' business, policy persistency and public perception of the agency channel as a stable career (IRDA). . As banking is the main function of a banker, he may or may not be expected to

possess the knowledge and skills of selling insurance policies. Therefore, it is imperative to impart training to the bankers

### 6. Application of ASTD Competency model to the Bancassurer Training

Training starts with who needs to receive training, what kinds of training are required and who will be responsible for providing training and for testing the learned from the training. The ASTD model (Figure 1) emphasizes on two aspects. They are ‘foundational competencies’ that are important to everyone in the field and the ‘specific areas of expertise’, which are the specialized knowledge and actions required by specific roles. The application of each of these components with respect to bancassurrer training is described in the following table (Table 1):

**Figure 1: Figure showing the ASTD Competency Model™**





**Table 1: Application of ASTD Competency Model for Bancassurance Training**

<b>Training and Development area of expertise/Foundational Competencies</b>	<b>Application of the model in Bancassurance training</b>
<p><b>Instructional Design:</b> Design and develop informal and formal learning solutions using a variety of methods.</p>	<ul style="list-style-type: none"> <li>• Chalking out a strategic business plan to provide a wide range of world-class financial products and services and expand the insurance business across the territories.</li> <li>• Assessment of short-term and long-term training needs in general and specific areas.</li> <li>• Drafting a curriculum and creating modules in collaboration with the insurance companies, actuarial experts, brokers, agents, bank branch managers, bancassurers and other authorized/regulatory bodies such as the III and the IRDA, CITRD (Centre for Insurance Training, Research &amp; Development) and also other industry stakeholders in designing various certified courses.</li> </ul>
<p><b>Training Delivery:</b> Deliver informal and formal learning solutions in a manner that is both engaging and effective.</p>	<ul style="list-style-type: none"> <li>• Establishing clear-cut objectives for delivering the training program.</li> <li>• Giving lectures, providing training material booklets, demonstrations through audio video visuals, conducting workshops, learning via customized computer software applications, issuing In-house magazines and training circulars to keep abreast of the latest trends in the economy in general and insurance business in particular.</li> <li>• Creating motivation and encouragement for quality learning.</li> <li>• Evaluate learning outcomes through feedback for effective training or retraining.</li> </ul>
<p><b>Learning Technologies:</b> Apply a variety of learning technologies to address specific learning</p>	<ul style="list-style-type: none"> <li>• Effective Data base management system to respond to the customer profiles besides providing convenience and accurate information regarding various insurance products and services.</li> <li>• Deploying information technologies such as mobile devices, social media, big data, predictive modeling and cloud computing.</li> </ul>

<p>needs</p>	<ul style="list-style-type: none"> <li>• Web-based agency sites allow clients to complete application processes, sign policies and proposals, and receive quotes without having to visit the insurance agency in person.</li> <li>• A variety of insurance technology software and hardware exist to make an insurance agent's work easier. Agency Port's BookSmart, AMS Service Transit Server, PACT accelerator, TurboStorm and TurboRator Comparative Rating System and Insurance management systems are a few of the significant insurance technologies that allows agents to decrease input and output processes.</li> <li>• Telematics and usage-based insurance (UBI) are of recent technologies in auto insurance.</li> </ul>
<p><b>Evaluating Learning Impact and managing learning programs.</b></p> <p>Use learning metrics and analytics to measure the impact of learning solutions. Provide leadership to execute the organization's people strategy; implements training projects and activities.</p>	<ul style="list-style-type: none"> <li>• Identifying the training needs on continuous basis by establishing the competency gap.</li> <li>• Equip sales team with required skills and knowledge on various products and the range of distribution channels available.</li> <li>• Assist the customers in financial planning take the right products, keeping in view their demographic and socio-economic profile vis-a-vis the revenue it can generate to the banks in dealing with the risks of the insured against several calamities.</li> <li>• Platform for discussing various problems, ideas in the light of past experiences by the bancassurers and suggest alternative solutions.</li> <li>• Ensuring flexibility in designing the programmes.</li> <li>• Ways to increase insurance penetration by creating innovative products such as obtaining single policy covering multiple disasters and basic insurance needs for different income groups.</li> <li>• Redesigning the products, strategies and processes on timely basis.</li> <li>• Top management support and commitment.</li> </ul>

**Integration of Talent Management and Coaching:**

- Build an organization's culture, capability, capacity, and engagement through people development strategies.
- Apply a systematic process to improve others' ability to set goals, take action, and maximize strengths.
- Capture, distribute, and archive intellectual capital to encourage knowledge sharing and collaboration.

- Creating careers that lead to effective sales performance specially in the areas like Motivation, Team Working, Effective Performance Management, Relationship Management, Resource Planning, Leadership, Time Planning, Goal Setting, Optimising Management Information, Managing Service Quality, Mastering Technology, Coaching and Developing Staff.
- Focus on quality customer service.
- Adopting the customer-centric approach keeping the customer's best interest genuinely rather than just achieve the sales targets and commission. However, this may call for rephrase of new set of sales practices, behaviours and skills on the part of bancassurers.
- Ethical and compliant approach to sales promotion.
- Inculcating empathetic skills amongst the staff.
- Addressing implementation issues such as role clarity and fixing the responsibility for sales management.
- Providing additional incentives to customers.
- Creating value addition to every transaction or communication by retaining its existing customers and attracting prospective ones.
- Establish trust and intimacy with the client.
- Maintaining competitive edge to distinguish itself from competitors and improve its image among customers.
- Effective leadership and management style for developing motivation among the staff.
- Unlocking the distribution potential of bank branches for increased sales and revenue.
- Focus on quality referrals
- Improvement in the business relationships of insurers and bancassurers with NGOs, SHGs, Banking Correspondents and VLEs (under CSC scheme) facilitating insurance research and also enhancing the insurance reach.



**Change Management and Performance**

**Improvement:**

- Apply a systematic process to shift individuals, teams, and organizations from current state to desired state.
- Apply a systematic process for analyzing human performance gaps and for closing them.

**Foundational Competencies:**

- **Business Skills**
- **Global Mindset**
- **Industry Knowledge**
- **Interpersonal Skills**
- **Personal Skills**
- **Technology Literacy**

- With the help of situation analysis, expert trainers conduct a number of interviews with selected staff from the branch network as well as Head Office and Regional/Area functions to identify the stage of development of the business to understand the pitfalls and motivational issues that may be affecting the sales team in the light of global best practices allowing for cultural differences, and the challenges to be faced in the future.
- Trainers then identify all the gaps and make recommendations for best business practices and provide a comprehensive report.
- Imparting training should always be seen as investment in staff and the returns on such investment are automatically generated in the form of profits.
- Selection of trainers with sufficient experience or knowledge in the financial services.
- Mentoring the sales staff to provide regular counselling, advice, facilitation and direction, guiding the mentored staff member to perform consistently to the required standard.
- Developing a contextual help system through customized software packages to the bancassurance mentors, trainers and sales force.
- Development of the right mental attitude amongst bank staff and sales force and direct their efforts towards customer delight.
- Emphasis on customer trust and loyalty amongst bank staff.
- Making them aware of their own abilities and inherent strengths to deal with the anxieties of diversified customers.
- Reducing the product complexity and cumbersome procedures and formalities in taking the insurance policies and dispel fear and anxiety amongst the clients.
- More thrust on micro insurance products.
- Provide necessary insurance covers to the agriculture and other

allied sectors as India is an agrarian country.

- Designing attractive schemes especially for the increased demographic profile in the area of Motor, Medical expenses coverage and Pensions.
- Designed certified courses should address the emerging needs and challenges of the Indian insurance industry and encouraging necessary tie-ups with other higher educational institutions to facilitate vocational training.
- Giving staff required knowledge of various products to give clear picture to the customer, which would otherwise do more harm than good. Poor product knowledge among staff may cause danger of either confusion or misunderstanding the products.
- Offering specialized products by specialized staff. Finding market niches to enjoy monopoly.
- Skill, will and opportunity for optimal sales performance.
- Blending of both traditional and modern selling techniques for aggressive sales promotion without creating the negative effect on customer relationships and bank image.

## 7. Conclusion

Training is a vital part in the performance of overall business. Both the insurance density and penetration had declined since 2009 due to decrease in savings, unbanked households, decreased exports, high inflation, expansionary monetary policies, weak economic growth, mis-selling of insurance products and also reduced demand for life insurance market. A cooperative regulatory framework, strong insurance awareness and education, proactive sales culture along with quality customer service through value addition creates competitive advantage and improve its image and retain not only its existing customers but also attract potential clients. Besides, the increased cap of FDI (Foreign Direct Investment) in insurance from 26% to 49%, coupled with newly

launched scheme by the Prime Minister Shri Narendra Modi Jan Dhan Yojana (JDY) as an initiative towards financial inclusion would augment the growth in insurance sector. Further, a two-way referral system by both the parties can go a long way in synergizing the operations between the insurance and banking business. Finally, bancassurance can be a win-win strategy provided both the banks and the insurers are aware of each other's needs such that both recognize that their primary role is to satisfy the customer.

## References

1. Dr. V. Sreedevi and P.Lovelin Auguskani , 2014, Preference of Bancassurance, IOSR Journal of Business and Management, Volume 16, Issue 1. Ver. I, pp 08-13
2. Kumar, Alok and Pandey, Pankaj Kumar, 2013, Bancassurance: New Dawn in Indian Insurance Distribution, Journal of the Insurance Institute of India, Vol. 1 Issue 2, pp98.
3. Anju verma and Renu bala, 2012, Asian-African Journal of Economics and Econometrics, Vol. 12, No. 1, pp 235-246.
4. Sumathi Kumaraswamy, 2012, Bancassurance: Tapping of Insurance into Banking Pursuit, International Journal of Scientific and Research Publications, Volume 2, Issue 7, pp1-5
5. Dr.NanditaMishra, 2012, Bancassurance: Problems and Challenges in India, Integral Review, Volume 5, No. 1, pp52-63.
6. T.Hymavathi Kumari, 2012, Customer attitude towards Bancassurance – An Indian perspective, Global Journal of Current Research Vol. 1 No. 1. p. 39-49.
7. Dr. Shefali Verma and Rita Goyal, 2011, 'A Study Of Training In Insurance And Their Impact On Employees Productivity', International Journal of Research in Economics and Social Sciences, Volume 1, Issue , pp31-45
8. Pang-Ru Chang, Jin-Lung Peng and Chiang Ku Fan, 2011, A Comparison of Bancassurance and Traditional Insurer Sales Channels, The International Association for the Study of Insurance Economics, The Geneva Papers, pp 76 – 93
9. Keynote Address in 58th Annual Conference of Insurance Institute of India (III) on 24<sup>th</sup> August, 2013, Kolkata, Shri T.S.Vijayan,Chairman, IRDA
10. The Game is Changing – Insurance Reloaded, KC Mishra and Simita Mishra, The ICAFI University Press, 2005

11. Gary Dessler, Human Resource Management, Pearson Education.
12. <http://www.astd.org/Certification/Competency-Model>
13. [http://www.ehow.com/about\\_6569701\\_use-technology-insurance.html](http://www.ehow.com/about_6569701_use-technology-insurance.html)
14. [www.vertafore.com](http://www.vertafore.com)
15. [www.baselinemag.com](http://www.baselinemag.com).

