

# Bancassurance faces the digital test



The bancassurance distribution model is facing huge challenges from the digital space and ecosystems that are increasingly appealing to today's technology-driven marketplace both in terms of products and reach, said speakers at the virtual Asia Conference on Bancassurance and Alternative Distribution Channels held in May.

By Jimmy John

In his keynote address, Celent senior analyst, financial services Eiichiro Yanagawa said that legacy and ecosystem transformation remain one of the most important topics for insurers who think beyond their traditional value chain.

"Insurers must build an integrated ecosystem compatible with their value chain to form the next generation of insurers," he said. Digitalisation, he said, drives insurers' legacy and ecosystem transformation initiatives.

### Three forces

He highlighted the three drivers that have a strong impact on insurers when taking decisions on new platforms: Technology evolution, changes in economics of development and the emergence of InsurTech. Banks, he said, are finding success through new progressive renovation and entering into partnerships with cloud platforms.

Mr Yanagawa spoke of the role of embedded finance and the cloud as opportunities for modernisation.



### Staying ahead in the digital race

Finology chief operating officer Vincent Xu spoke on the five challenges banks and insurers must overcome to stay ahead of the digital race: Achieving success with digital D2C model; taking a long position with embedded insurance; benefitting from the exponential explosion of data; preparing for cyber attacks; and modernising legacy systems.

### Challenges to the bancassurance model

iBox7 chief technology officer Imran Ahmed said that a number of news reports lately have highlighted that the bancassurance model is increasingly under pressure. Some of



the reasons for this, he said, are the limited control over how the products are sold by the bank sales team and also the challenges faced by them in understanding the product.

"There is a clear tendency for insurers to manufacture off-the-shelf products rather than tailored products for banks which could be a hindrance in overall business growth," he said.

### Strategic digital transformation needed

In his presentation on empowering customers through digital channels, Allianz Australia business support specialist Vineet Jaiswal said that strategic digital transformation is necessary for successful

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Mr Imran Ahmed



Mr Vineet Jaiswal

bancassurance and the aim should be to establish a competitive advantage in the digital space. He further highlighted that an omnichannel capability is a prerequisite for success. “Empower customers by providing them the tools, choices and control over their digital bancassurance experience,” he said.

### COVID has changed the game

A panel discussion on bancassurance in today’s world of disruptive



innovation highlighted the challenges facing the model from new digital players. Exim Bank Malaysia head, insurance/takaful business Kah Jin Khoo said that COVID-19 had hit the banking and insurance sector but had accelerated digitalisation and how the industry does business.

“This situation teaches us to be ever ready for the future and not to take things for granted,” he said. His company is looking at AI to drive its bancassurance business.

McKinsey & Company Singapore partner Alex Kimura said that there has been great transformation happening in the bancassurance space.

“Bancassurance has a critical role in wealth management and succession planning in the region and insurers and banks must together cash in on this,” he said.

The two-day event with the theme ‘Who leads bancassurance today: Customer? Banks? Insurers? Digital?’ was organised by *Asia Insurance Review*.<sup>A</sup>

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