

# **BANCASSURANCE:** Concepts, Opportunities & Challenges

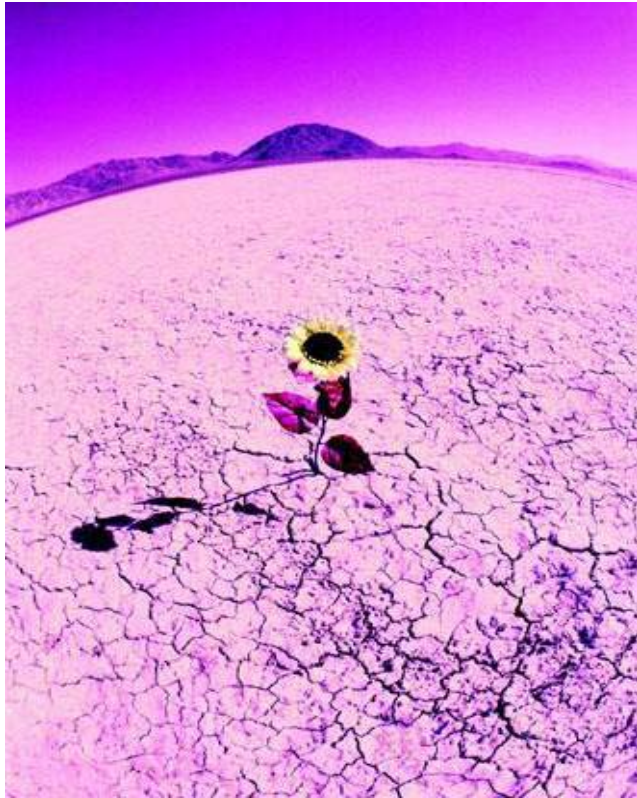
## **PRODUCTS & TARGET MARKET SEGMENTATION**

BY

**FAISAL SHAHZAD ABBASI**

*HEAD OF BANCASSURANCE – ABN AMRO BANK*

# PRODUCTS & TARGET MARKET SEGMENTATION



*“To achieve the impossible, one must think absurd; to look where everyone else has looked, but to see what no one else has seen.....”*

# We Will be Discussing...

- Why Banks MUST Sell Insurance
- Banks' Target Market for Insurance
- Developing Market Oriented Products

## Current Scenario & Success Potential

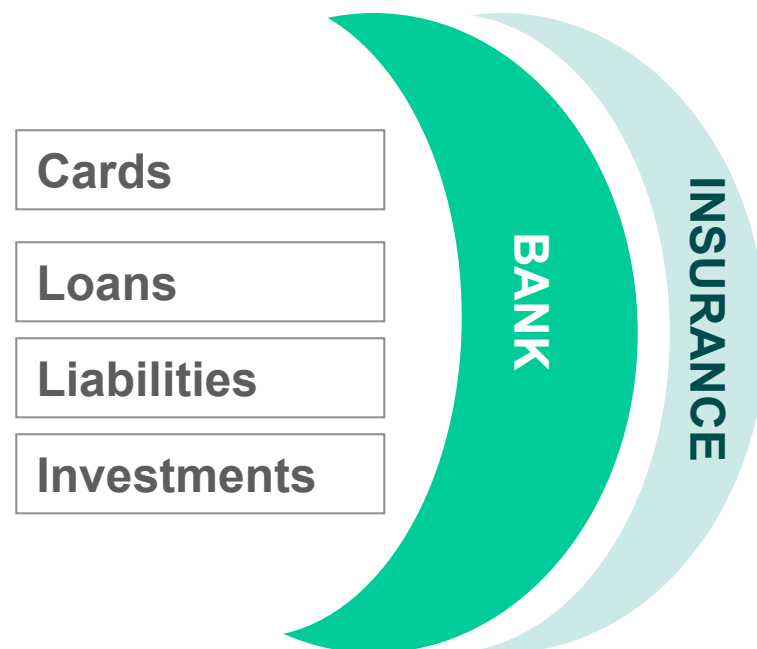
- Insurance Penetration-A comparison
- Bancassurance - Potential In Pakistan

- Local Market Segments
  - Banks
  - Bancassurance
- The Right Way to Reach your Market

## ABN AMRO Model

# Why MUST Banks Sell Insurance

- Leverage customer base for **additional fee based revenues.**
- Offer **additional products** to customers meeting their life stage needs and increasing product density
- **Increase customer retention** and loyalty, since insurance products are long term
- Receive **significant revenues** up front
- Bring in a **sales culture**



# Why MUST Banks Sell Insurance.... Cont'd

## ■ NATURE OF REVENUES

- **Immediacy** in the case of commission for sales of general insurance and life products.
- **Cumulative**: Revenue snowballing, year after year; becoming a significant proportion of revenue for each business line.
- **Predictability**: Permanence in revenues where customers continue to pay for a cover or service, which they need.
- **Fee based**: No lock up of assets/capital

# Banks' Target Market For Insurance

- Existing Account holders
- Card holders
  - Credit Card
  - Debit Card
  - Relationship Card
- Loan Customers
  - Mortgage
  - Personal
  - Auto etc...
- Potential New Customers
- High Net Worth Clients
- Islamic Banking Customers



# Developing Market Oriented Products

## ■ Different Strokes for Different Folks

- Can't Sell '**Any**' product to '**everyone**' .... recipe for Failure

Don't to be overawed by Competition  
Avoid **Me-too!!!** approach

- Hit the **Right** Chord of your Market
- Address the Specific Needs

# Local Market Segments

## BANKING

**SAVERS**

**SPENDERS**

## INSURANCE

**Insurance Aware  
(Partly Insured)**

**Insurance Unaware  
(Un-Insured)**

**Insurance  
Awareness  
(Un-Insured)  
Takaful  
Seekers**



# Market Segments – Banks

**Saver**

- Current A/c
- Savings
- Term deposits
- HNWI

**Spender**

- Personal Loan
- Ready Cash
- Credit Cards
- Collateralized loans

# Market Segments – Bancassurance

**Saver**

- Big ticket items
- Investment based
- Conventional insurance
- Depositor's insurance

**Spender**

- Small ticket items
- Protection based
- Assets insurance
- Health Insurance plans
- Accident Plans
- Credit Insurance

**Takaful  
seeker**

Consumers eagerly waiting  
for Takaful products through  
Bancassurance

# The **RIGHT** way to reach Your Market

## ■ Above the Line Marketing (ATL)

- Electronic Media Campaigns
- Print Media Advertisements
- Road Shows
- Bill Boards

## ■ Below the Line Marketing (BTL)

- In Branch Collateral
- Call Centre
- Mail Shots
- ATM
- Internet
- PR Campaigns

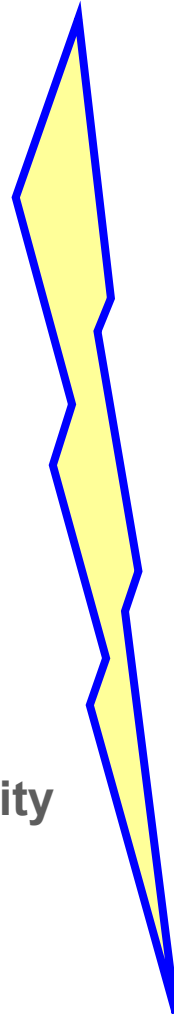


**Yes, ATMs. ABN AMRO  
distributes one of its  
insurance products via ATMs**

# Current Scenario & Success Potential

## ■ Products Offered

- **Indirect Insurance**
  - Credit Card Insurance
  - Loan Protection
  - Depositors' Insurance
  - ATM Insurance
- **Direct Insurance**
  - Education Plans
  - Investment Linked Plans
  - Pension Plans
  - Home Protection
  - Accidental Death/Disability



## ■ Products Not Offered

- **Individual /Family Health Insurance**
- Auto Insurance
- Family Takaful
- Travel Insurance
- International Health Insurance

# Insurance Penetration – A comparison

## Life Insurance Penetration 2004

Premiums as a % of GDP

(%)



Source: Swiss Re

# Bancassurance : Potential in Pakistan

- Total Bank branches in the country (2005) ~ Around 7,000
- No. of Bank branches selling insurance ~ Less than 3%

**97% Bank Branches NOT Selling insurance**

- Total Personal deposit in Banks (2006) ~ Over Rs. 1.2 Trillion
- Bancassurance Premium (2005) ~ Rs.350 Million p.a.  
Less Than 0.03%

**99.97% IDLE Deposits**

- Number of accounts (current + savings) ~ Over 7.5 Million
- 1% Penetration into Deposit ~ **Rs.6 Billion Revenue to Banks**

Source: NBP Economic bulletin July–Aug 2006 / SBP Statistical bulletin 2006

# ABN AMRO Model

---

## Our Vision

To be the **Market Leader** in Bancassurance  
Become '**One-stop Financial Supermarket**' for our customers

## Our USPs

Product Innovation – **ATM Withdrawal Insurance**  
Customer Centric Approach  
Need Specific Products – **Treasure Plus, Golden Years**  
Close Coordination & Relationship with Ins Co.

## Our Achievements

Most Diversified Insurance Products Palette

# ABN AMRO Model

- ABN AMRO has tied up with EFU Life and EFU General for its innovative bancassurance product palette
- How we **Make more possible** for consumers through bancassurance

## Design

**Introduced ATM Withdrawal Insurance for the first time in the local market!**

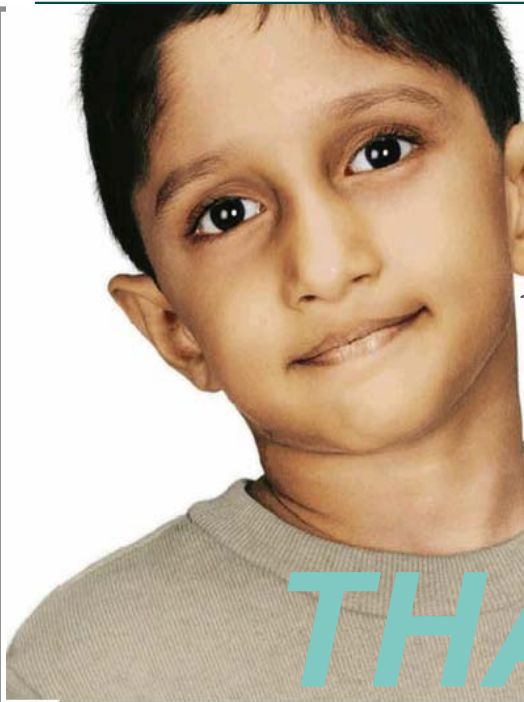
## Pricing

**All-rounder, an exclusively priced general insurance product offering**

## Features

**Insurance plans with exclusive insurance limits for our preferred banking customers**





My dad has already  
provided for my  
education through  
**OUR BANK**

**THANK YOU !!!!**

I made the right  
decision to ensure my  
pension through  
**BANK**

