



Bancassurance is a symbiotic relationship

Bancassurance is a channel that synergises the positives of both its partners—insurers and banks. In combination with digital technology and the right data analysis, the channel can open up opportunities for value creation not only for the partners but also for their customers as well. **HSBC Life Hong Kong and Macau's Ms Daisy Tsang** shares her insights about bancassurance.

By Anoop Khanna



The bancassurance channel is an important insurance distribution channel across Asia. It represents a significant growth opportunity for insurers, especially life insurers. In particular, the importance of bancassurance was underscored during the COVID-19 pandemic during which bancassurers were able to serve the needs of their clients by leveraging digital technologies.

Banks also have a data advantage and integrated bancassurers are further able to customise insurance propositions to meet the individual needs of their customers through the targeted use of data and analytics tools. The availability of increased data and emerging technologies allows insurers too to offer tailor-made products to their customers.

With a better understanding of customers' financial needs and preferences, bancassurers can provide hyper-personalised services, recommending the right products

and services to the right customers at the right time, through the right channel.

Effective channel

Speaking with *Asia Insurance Review*, HSBC Life Hong Kong and Macau CEO Ms Daisy Tsang said, "Bancassurance as a distribution channel has been very effective in Hong Kong. More new business life insurance premiums go through the bancassurance channel than any other in Hong Kong."

According to the Insurance Authority's (IA) statistics, as of the third quarter of 2024, the bancassurance channel accounted for 44% of the market share in terms of new business premiums.

She said, "As part of HSBC and working with the biggest bank in HK, I can say with confidence that there are plenty of opportunities if you can get it right."

"This is because there are intrinsic synergies for insurance being part of

a holistic bank proposition that every bank is looking to offer its customers, like a 'one-stop-shop' that covers long term financial wellbeing and future planning needs."

She said, "The extensive product range offered through the bank can cover a range of individual circumstances such as overseas education, retirement or protection against identified risks and is also extremely complementary with other banking propositions. This means that with regular interactions between the bank and the customer throughout their life stages, the various insurance products can be made available to the bank's customers when they need them."

Par products with savings elements that aid customers to plan for specific goals (education, retirement), as well as wealth management solutions for legacy planning are products that do well. "We also do our best to emphasise the value of protection in general to customers, including

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attracting customer funds and future business eventually.”

Regulatory stipulations

Referring to the regulatory ecosystem, Ms Tsang said, “While banks have their own regulations, I believe that in many ways the principles are the same as with IA regulations—treating customers fairly, protecting vulnerable segments, ensuring customers have the information they need to make informed decisions. So, it is not like there are two completely different sets of rules to follow simultaneously.

“But of course, while maintaining strong oversight to safeguard customers and ensure confidence in the industry, streamlining regulations can also simplify processes for the customers. Having an open dialogue with regulators from both the banking and insurance sectors, perspective is therefore important, with active communication and the willingness to adopt an open mind from all parties, ultimately benefiting customers and the industry.”

Opportunities galore

Ms Tsang said, “With banks integrating insurance more into their propositions and distributing more insurance products, it will greatly help to introduce and educate insurance concepts to a wider audience.

“In particular, banks are able to relate insurance within a wider holistic planning process for customers and their families given their intimate knowledge of customers, and this can help to harness the power of insurance into their future plans in a way that others may not.”

She added, “Banks can and should also continue to employ transparent, customer-centric processes across sales and servicing journeys, especially leveraging their networks and technological capabilities.”

She said, “HSBC has a digital dashboard available through the HSBC Mobile banking app, which keeps customers fully informed and in control by giving them easy access to all the important information on their policy, tools to manage their portfolio, and a platform to reach out to us in case they have any questions or need our support.” ■

medical and critical illness, as a foundation of any holistic portfolio for customers,” she said.

“All this makes insurance a critical asset and part of any bank’s overall product proposition portfolio.”

In general insurance as well

Speaking about leveraging general insurance (GI) covers via the bancassurance channel, Ms Tsang said, “GI is certainly able to play a role in bank distribution, it is just a question of how. There are many opportunities given that banks can have a better understanding of a customer’s needs such as when they are getting a mortgage to buy a house. The moot point is tying it with bank propositions and leveraging the data that a bank can provide to find the opportune time to bring relevant GI offerings to customers.”

She said the Hong Kong market is challenging because it is highly competitive, with over 100 companies with a GI licence and the availability of several products, like travel insurance, which are relatively easier for customers to purchase directly online without support from agents or bank staff.

“We overcome these challenges by making sure our products are simple, value for money and easily accessible – providing a convenience that customers will appreciate such as making our travel insurance available on ATMs so customers can purchase them at, for example, the airport.”

Building trust

Responding to a question about whether the bancassurance channel can build the much-required element of trust among insurance customers, Ms Tsang said, “Building trust is not a channel-specific

issue. Building trust is about fundamentals—employing good training, implementing proper sales processes and controls, designing good products, making our products and services more accessible and providing clear customer communications.”

She said, “A business earns trust and safeguards its reputation by consistently adhering to best practices, delivering on promises, and avoiding taking shortcuts. Organisations can and should embed all these aspects into their insurance businesses, regardless of the channel.”

Indispensable

Asked whether bancassurance is only an additional channel of non-core revenue for banks, Ms Tsang said, “In our experience, no. Insurance can be an indispensable part of a bank’s core proposition, fulfilling needs that no other banking product can, such as legacy and tax planning.

“The unique yet complementary nature of insurance products provides important risk management and diversification tools for banks and their customers. In particular for the bank, insurance has shown to be a resilient, non-cyclical business.”

She said, “Insurance can also help banks to maintain relationships with customers in the long term, with most products designed to be held for many years or even for life. Insurance products enable more touch points along their product lifespan, in particular medical products, and deliver solid moments of truth that help the bank to build customers’ trust in their brand. If the insurance propositions are innovative and designed well, they can even be the best differentiators for the bank,