

**FACTORS THAT INFLUENCE CUSTOMERS UPTAKE OF BANCASSURANCE
PRODUCTS IN KENYA**



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DECLARATION

Candidate

This research project is my original work and has not been presented for a degree in any other university.

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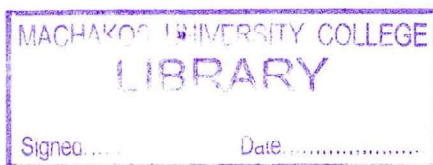

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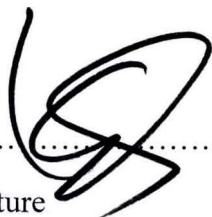
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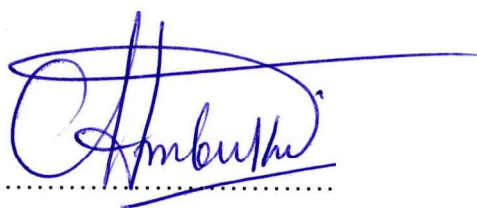
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ACRONYMS

AKI	Association of Kenya Insurers
GDP	Gross Domestic Product
IRA	Insurance Regulatory Authority
KPMG	Klynveld Peat Marwick Goerdeler
OLS	Ordinary Least Squares
SPSS	Statistical Package for Social Sciences

ABSTRACT

The purpose of this study was to determine the factors that influence retail bank customers to buy insurance products from commercial banks. The specific objectives were to establish how consumer awareness influence the decision to buy insurance products from commercial banks, establish whether product type has an influence on retail bank customers' decision to buy insurance products from commercial banks, to establish the effect of customer care on the customers' decision to buy insurance products from commercial banks and to identify the influence of consumer attitude on retail bank customers' decision to buy insurance products from commercial banks. The study adopted a descriptive research design in which all the customers of the 8 commercial banks doing bancassurance were targeted. The study used disproportionate stratified sampling to select respondents from the sampled banks, hence a sample size of 385 respondents. Data was collected by use of questionnaires which was self administered by the researcher. Descriptive statistics was used to analyze the data. The study employed ordinary least squares to determine the relationship between the variables. The study established that awareness of insurance products does not influence the decision of customers to purchase. The respondents were satisfied with the services they received from the banks and would recommend their friends to the bank. The study established that the respondents had a positive attitude towards the bank selling insurance products, the customers therefore trusted the banks selling insurance products. Majority of the respondents bought insurance products from banks which included agriculture/livestock, auto and personal accident insurance policies. The type of products sold by the banks influenced the decision to buy the insurance products from the bank. The study recommended that commercial banks should engage in more awareness to sensitize consumers on the insurance products they are selling. The study further recommended that banks adopt strategies that will enhance customer satisfaction. Finally, the study recommended that banks improve their skills in understanding and handling the insurance products.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

During the past decade, the financial services sector has undergone drastic changes. Fundamental changes in the industry, such as deregulation and the emergence of new and advanced forms of technology, have created a highly competitive market place, where a diversified range of products is offered under the banner of ‘financial services’ (Black et al., 2002). Technological progress has also facilitated faster processing and monitoring of multiple activities at even lower costs and increased profitability (Berger, 2003). Moreover, the distribution of financial services has evolved rapidly. New methods of distribution have emerged with many transactions becoming automated, and as a result any given product may be available through a varied set of channels.

Different financial intermediaries are in the middle of an extensive change process that has affected distribution models to cope with the competitive pressure, targeting sectors in which good yields are expected (Falautano and Marsiglia, 2003). The turbulence in the financial service business environment is not only limited to intensified competition in the market place; consumer behavior has also changed (Bergendahl, 1995). In the recent years, customers’ price sensitivity and financial involvement has increased. A desire for ‘value for money’ and comparisons between products, providers and channels, have become common practice. In addition, the changes in the financial services market have made the selection of financial service providers a complex process for many consumers (Lee and Marlowe, 2003).

The fierce competition for customers between banks has generated the need for innovations on the methods of service delivery and new sources of revenue. Banks and other financial institutions have also recognized that the key to revenue growth is working harder to improve customer relationship management by implementing cross-selling strategies (Kamakura et al., 1991). Deregulation of the financial services sector has broken down the old barriers between banking and insurance industries; the traditional banks are being replaced by integrated financial service providers offering a wide range of financial services to enable

them attract and retain new customers. To that end, banks are trying to increase their cross-sales ratios by expanding their services into the insurance sector.

1.1.1 Bancassurance

According to Wever (2000), bancassurance is the distribution of insurance products through banking networks; in other words, a collaboration between banks and insurers to distribute insurance products. Staikouras (2006) and Staikouras and Nurullah (2008) find that banking and insurance entities have more similarities than differences, characteristics that may favour joint production and business synergies. Through diversification, the bancassurance approach reduces the resources required to manage risk, which in turn results in lower costs (Hughes et al., 1999).

According to Bergendahl (1995) banks have been considered as ideal vehicles for selling insurance products as they possess an established distribution channels through their branch network and an access to very large customer base. Further, the reputation of banks as a safe institution inspires the trust and the confidence customers need to feel when purchasing insurance products (Lymberopoulos, Chaniotakis and Soureli, 2004).

In addition, from the banks' point of view, there are several reasons why they would be interested in selling insurance products. Besides the related sales margins or commissions, banks are able to use their fixed capacity resources more efficiently, take advantage of enormous economies of scale and deal with demand fluctuations for ordinary banking products. Bancassurance may also help banks to attract new customers and to build strong relationships with existing customers. As customers acquire additional services or products from a financial service provider, the number of contact points with the provider increases, leading to higher switching costs for the customers.

In Kenya, Bancassurance is an emerging industry. Eight commercial banks have been licenced by IRA to provide bancassurance services. These are Kenya Commercial Bank, National Bank of Kenya, Commercial Bank of Africa, Diamond Trust Bank, First Community Bank, Equity Bank, NIC Bank, and Family Bank. In several European countries and in other developed countries, Bancassurance has achieved remarkable success. For

instant, in Europe, it not uncommon to find over half of the life insurance business being transacted by banks. In the year 2007, France, Spain and Portugal banks handled over 60% of their respective life insurance business (sigma 2007).

1.1.2 Insurance Industry in Kenya

Insurance industry in Kenya is regulated under the Insurance Act, Cap. 487. The Act establishes the Insurance Regulatory Authority (IRA) to supervise, regulate and develop the industry. The industry is composed of 47 licensed insurance companies, 150 licensed insurance brokers and 3500 licensed insurance agents (source: IRA 2009 report). In year 2009 the gross premium written by the industry was kshs 65 billion up from kshs 55 billion in the previous year, indicating a 18% growth in premium. Insurance penetration ratio in 2009 was 2.7% up from 2.6% in 2008 (source: IRA 2009 report). The penetration ratio had previously stagnated at 2.5% in years 2005, 2006 and 2007 and 3.0% in 2010.

Currently, insurance products in Kenya are distributed through insurance agents and insurance brokers. Insurance products are also distributed through direct sales by insurance companies in their various branches country wide. This conventional form of distribution has had its share of challenges ranging from cut-throat competition among insurance companies, which has lead to poor pricing of insurance products among the industry players. Most of the insurance companies therefore, record losses or low profits year after year, a trend that has led to inability by some of these companies to pay claims intimated by policy holders. This has in effect led to collapse of some insurance companies, while others are left struggling to survive. These challenges have caused the public to have low confidence and a negative perception of the insurance companies and the insurance services. This has led to slow growth of the insurance industry and low penetration of insurance services in the country. Due to these challenges the current distribution channels may have been inadequate in achieving the desired growth and development of the industry.

1.2 Statement of the Problem

The penetration of insurance services in Kenya stands at 2.7% of the Gross Domestic Product (GDP) which is considered low when compared to some of African countries such as South Africa which has a penetration of 9.94% (AKI, 2010). The penetration of insurance among the Kenyan population is also low as compared to other developing countries such as Malaysia which has an estimated 41% of the population covered by some form of life insurance in comparison to Kenya's less than 1% of the population insured (Wandera, 2004). The low uptake of insurance among Kenyan population has been partly as a result of using limited channels to sell insurance products (AKI, 2010). The industry has for a long time relied on agents and brokers who account for about 90% to sell insurance products (Wandera, 2004). However these channels of distribution have not been successful in achieving significant penetration of insurance services.

Due to the dismal performance of the existing channels of distribution, AKI commissioned a survey in which it recommended that the insurance companies besides the existing channels should adopt other channels of distribution including bancassurance (AKI, 2010). This has been due to the fact that bancassurance has been introduced with overwhelming success in many developed countries. For example there has been a remarkable success of bancassurance in certain Southern European countries which have been experiencing increase year by year (Carrin, 2007). For instance the bancassurance premium incomes in France increased by more than 10% in 2008. The same was true in Belgium, Finland, Italy, Spain and Portugal where it is the dominant distribution channel commanding up to 50% sales and is becoming a strategic factor for life insurance operations world over (Artikins et al., 2008).

Insurance companies in Kenya are fast adopting bancassurance as alternative channels of selling insurance products. For instance, according to report by IRA on bancassurance, banks raised Kshs. 912.6 million premiums from sales of 16,814 policies in 2010. This is at the backdrop of the dismal performance by the former channels of distribution. This therefore

provides a reason for investigation of the success factors of bancassurance where other channels of distribution of insurance products failed. What factors influence the consumers to buy insurance products from the banks which they previously could not with other channels? Previous studies concentrated on factors influencing consumers' choice for insurance products (Owuor, 2010; Cooper and Frank, 2001). While these studies are important in highlighting the factors influencing consumer decision making, no study has addressed the factors that influence the consumers' decision to buy insurance products from commercial banks hence a knowledge gap. This study therefore seeks to address the gap by finding out the factors that influence the consumers buying.

1.3 Objectives

The general objective of the study was to establish factors that influence customer uptake of Bancassurance products in Kenya.

1.3.1 Specific Objectives

The specific objectives of the study were:

1. To establish how consumer awareness influences the decision to buy insurance products from commercial banks
2. To determine the effect of customer service/care on the customers' decision to purchase insurance products from commercial banks
3. To establish whether product type has an influence on retail bank customers' decision to buy insurance products from commercial banks
4. To identify the influence of consumer attitude on retail bank customers' decision to buy insurance products from commercial banks

1.4 Research Questions

The research questions were as follow:

1. To what extent has customer awareness influenced the retail bank customers decision to buy insurance products from commercial banks?
2. Does customer service/care influence the customers' decision to purchase insurance products from commercial banks?

3. What is the influence of product type on the retail bank customers' decision to buy insurance products from commercial banks?
4. How does consumer attitude influence retail bank customers' decision to buy insurance products from commercial banks?

1.5 Significance of the Study

The study is expected to benefit various stakeholders in the insurance and banking industry together with the following: First, the government policy makers through IRA stand to benefit from the findings of the study in formulation of policies that will encourage bancassurance as a channel of distribution of insurance. Secondly, the findings of the study are also expected to inform and guide insurance companies on the opportunities to use banks as a distribution channel for insurance products. With this information, the companies can reformulate and revise their management strategies accordingly to increase their effectiveness and efficiency in terms of sales turnover. The commercial banks stand to gain from the findings of the study as they will be enlightened on the factors which influence their customers to buy insurance products from them, hence make necessary strategic adjustments with the aim of convincing customers to buy the products. Finally, the study will contribute to the existing body of knowledge in bancassurance. It will also inspire future researchers to carry out further research on the same or related field.

1.6 Scope of the Study

The study sought to determine the factors influencing consumer buying decision of insurance products sold by commercial banks. . The researcher purposively sampled only banks that have bancassurance. According to the IRA Report, there were 8 banks which do bancassurance in Kenya. All these banks (those practicing bancassurance) were studied due to the manageability of the population.

1.7 Limitations

This research experienced the following limitations that could have had a negative impact on the findings: The researcher experience resistance from senior management of some of the sampled commercial banks. Such resistance was as a result of fear and misinterpretation of

the subject matter. Some respondents could have given biased information deliberately. Poor response rate among genuinely willing respondents arose. Due very tight work schedule in the work place many respondents did not manage to complete and return the questionnaires.

1.8 Definition of Terms

- Retail Banking:** Refers to banking in which banking institutions execute transactions directly with consumers, rather than corporations or other banks. Services offered include: savings and transactional accounts, mortgages, personal loans, debit cards, credit cards, and so forth.
- Bancassurance:** Is the term used to describe the partnership or relationship between a bank and an insurance company whereby the insurance company uses the bank sales channel to sell insurance products.
- Decision Making:** Refers to the mental processes (cognitive process) resulting in the selection of a course of action among several alternative scenarios. Every decision making process produces a final choice. The output can be an action or an opinion of choice.
- Attitude:** Refers to the predisposition or a tendency to respond positively or negatively towards a certain idea, object, person, or situation.
- Insurance:** Refers to the protection against loss for which the insured pays a certain sum periodically in exchange for a guarantee that you'll be compensated under stipulated conditions for any specified loss.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this chapter related review of literature is done. This is in the areas of the concept of consumer purchase decision, the influence of culture, social group, store brand loyalty customer attitude and the conceptual framework.

2.2 The Consumer Purchase Decision

The term consumer behavior is defined as the behavior that consumer display in searching for purchasing, using, evaluating and disposing of product and services that they expect will satisfy their needs. Consumer behavior focuses on how individuals make decisions to spend their available resources (time, money, effort) on consumption related items. This includes what they buy, why they buy it, when they buy it, where they buy it, how often they buy it, how often they use it, how they evaluate it after the purchase and the impact of such evaluation on future, and how they dispose of it. In another words, consumer behavior can be define as the behaviour of individuals in regards to acquiring, using, and disposing of products, services, ideas or experiences (Carrin, 2007).

Every individual is in one way or another a consumer. People consume things of daily use and also consume and buy the products according to their needs, preferences and buying power. These can be consumable goods, durable goods, speciality goods or, industrial goods. What is bought, how we bought, where and when it was bought, in how much quantity was bought depends on the perception, self concept, social and cultural background and our age and family cycle, our attitudes, beliefs values, motivation, personality, social class and many other factors that are both internal and external to the consumer. While buying, consumers also consider whether to buy or not to buy and, from which source or seller to buy. In some societies there is a lot of affluence and, these societies can afford to buy in greater quantities

and at shorter intervals. In poor societies, the consumer can barely meet his barest needs (De Mooij 2001).

From the above, consumer behaviour can therefore be defined as the decision-making process and physical activity involved in acquiring, evaluating, using and disposing of goods and services. This definition clearly brings out that it is not just the buying of goods/services that receives attention in consumer behaviour but, the process starts much before the goods have been acquired or bought. A process of buying starts in the minds of the consumer, which leads to the finding of alternatives between products that can be acquired with their relative advantages and disadvantages. This leads to internal and external research. Then follows a process of decision-making for purchase and using the goods, and then the post purchase behaviour which is also very important, because it gives a clue to the marketers whether his product has been a success or not (Assael, 1987).

There has been substantial research on consumer behaviour, examining the decision process, and influences upon it, in terms of both brand/store attributes and consumer characteristics. Central to these models is the belief that consumers go through a decision process of varying complexity, depending on the nature of the decision they are making, with a number of possible variables which influence this process at a number of stages. It is believed that the buying process begins with need recognition. Having recognised a need, consumers then search for information about retailers/products that might satisfy the need. Having gathered information, consumers will then evaluate the alternatives, and make a purchase decision. Following purchase will be some form of post-purchase feeling/behaviour, when the decision is assessed (Kotler, 1997).

Whether consumers actually do go through each of the stages outlined, and the amount of time spent at any one stage, is likely to vary with the nature of the purchase. Where the purchase is perceived to be of high risk, it is likely that the consumer will spend more time in the information search and evaluation stages. Such buying decisions are termed complex or high involvement decisions (Assael, 1987). For routine or habitual purchases, the decision process will probably be simplistic or low involvement: no formal process of information

search or evaluation will be gone through, and consumers will rely on past experience.

2.3 Product Awareness

It has long been held that one of the major goals of marketing is to generate and maintain brand awareness, this is, seen as particularly important in low-involvement situations where consumers may engage in little active search for information to aid choice. Repetition of advertising is used to keep the brand in the consumer's consideration set the set of brands to which a consumer gives serious attention when making a purchase decision. Brand awareness has been argued to have important effects on consumer decision making by influencing which brands *enter* the consideration set, and it also influences which brands are selected *from* the consideration set (Macdonald and Sharp, 1996). Brand awareness affects the latter through its use as a heuristic for choice and its influence on perceived quality. A study of Hoyer and Brown (1990) carried out pioneering research at the individual decision level by examining the effects of brand awareness on consumer choice. It examined the impact of brand awareness as a heuristic, as well as exploring its effect on perceived quality.

Little research has examined the effect of brand awareness on choice. Consumer behavior theory in both the marketing and economic literature has tended to see product choice as a highly involving problem-solving process (Foxall, 1992). Marketing research has focused upon more elaborate knowledge structures than awareness, such as attitude and brand image. However, a study of Hoyer (1984) indicated that, in many purchase situations, the consumer is a passive recipient of product information who spends minimal time and cognitive effort choosing brands. In situations involving common, market repeat purchase products, it may be assumed that consumers choose the brand on the basis of a simple heuristic (e.g., brand awareness, package, price). More detailed evaluation, if it happens at all, occurs subsequent to purchase (Olshavsky and Granbois, 1979).

Brand awareness is the first and prerequisite dimension of the entire brand knowledge system in consumers' minds, reflecting their ability to identify the brand under different conditions: the likelihood that a brand name will come to mind and the ease with which it does so

(Keller, 1993). Brand awareness can be depicted into brand recognition (consumers' ability to confirm prior exposure to the brand when given the brand as cue) and brand recall (consumers' ability to retrieve the brand when given the product category, the needs fulfilled by the category, or some other cues).

Brand awareness is essential in buying decision-making as it is important that consumers recall the brand in the context of a given specific product category, awareness increasing the probability that the brand will be a member of the consideration set. Awareness also affects decisions about brands in the consideration set, even in the absence of any brand associations in consumers' minds. In low involvement decision settings, a minimum level of brand awareness may be sufficient for the choice to be final. Awareness can also influence consumer decision making by affecting brand associations that form the brand image (Keller, 1998).

Considering Farquhar's (1989) approach of brand equity, the accessible attitude he refers to is related to how quickly a consumer can retrieve brand elements stored in his/her memory (brand awareness). The attitude activation is sometimes "automatic" (it occurs spontaneously upon the mere observation of the attitude object) and sometimes "controlled" (the active attention of the individual to retrieve previously stored evaluation is required). It was also proven (Farquhar, 2000) that only high accessible attitudes (brands with a high level of awareness) can be relevant when purchasing or repurchasing a brand.

Other authors (Laurent, Kapferer and Roussel, 1995) suggest three classical measures of brand awareness in a given product category: spontaneous (unaided) awareness (consumers are asked, without any prompting, to name the brands they know in the product category in this case the unaided awareness of a brand is the percentage of interviewees indicating they know that brand), top of mind awareness (using the same question, the percentage of interviewees who name the brand first is considered) and, respectively, aided awareness (brand names are presented to interviewees in this case the aided awareness of a brand is the percentage of interviewees who indicate they know that brand).

The outcome of any brand choice can only be known in the future, the consumer being thus forced to deal with uncertainty. Brand choice could be considered the central problem of consumer behavior, while the perceived risk associated to buying decisions is a pivotal aspect of brand choice. Risk is often perceived to be painful in that it may produce anxiety, in which case it must be dealt in some manner by the consumer. Among the main functions of a brand from the consumers' perspective is considered to be the minimization of perceived purchasing risk, which in turn helps cultivate a trust-based relationship. Brand awareness can influence consumers' perceived risk assessment and their confidence in the purchase decision, due to familiarity with the brand and its characteristics.

The concept of habitual consumer behavior is not new, and limited problem solving has been acknowledged in several cognitive decision-making models of consumer choice (Engel, Blackwell, and Miniard, 1993; Engel, Blackwell, and Kollat, 1978). East points out, however, that there is contradiction in this inclusion: if choice is habitual, than there is no decision in the sense of conscious cognitive processing before action, *habits, if they account for much of consumption, need a better explanation than absence of thought* (East, 1996). Behavioral theories are one approach to this gap in consumer behavior theory, brand awareness/salience-based choice theory is another potential direction that is still cognitivist in nature but needs not to be predicated upon the assumption of conscious cognitive processing and attitude formation prior to purchase.

2.4 Customer service

Given the understanding that customer retention is economically more advantageous than constantly seeking new customers (Reichheld and Sassar, 1990; Sheth and Parvitiyar, 1995), and that the building and maintenance of long-term customer relationships is central to improved business performance (Ennew and Binks, 1996), customer loyalty is a primary goal for most businesses today. This has lead to an explosion in the use of different types of bonds (i.e. economic or structural) which bind the customer to the firm through high switching costs. Although these strategies have achieved customer retention, true loyalty, which is defined by a high customer relative attitude in addition to high repeat purchase behaviour

(Dick and Basu, 1994; Griffin, 1995), is likely to be absent as the customer would not necessarily have a favourable attitude towards the firm.

Building strong customer relationships has been the priority of many highly successful enterprises all over the world. A growing number of business organizations in China realize that customer service is the key ingredient to success and are beginning to give increased attention to the concept of customer service. Customer service concept does not only apply to business enterprises, it applies to other organizations as well.

Customer service is defined as an organization's ability to consistently meet the needs and expectations of its customers. In the corporate world, the emphasis on customer service has been described as a marketing concept of business management. When an organization has adopted the marketing concept, it "moves from a product orientation to a customer orientation. The foundation of the marketing concept is a business philosophy that leaves no doubt in the mind of every employee that customer satisfaction is of primary importance. All energies are directed toward satisfying the customer" (Kaliski, 2001). According to the marketing concept, an organization must determine what the customers want and use this information to create satisfying products and services. Providing excellent customer service entails making every effort to satisfy the customers' requests. Over the years libraries have adopted successful customer service strategies from the corporate world. Many academic libraries in the USA now provide round-the-clock access to the libraries to meet the demand for longer hours by students.

Albrecht and Zemke claim that outstanding service organizations have a three-dimension approach to service management – the "Service Triangle" (Albrecht and Zemke, 2002). This approach includes a well-conceived service strategy, customer-driven systems, and customer-friendly staff. Each dimension must reflect the important needs and wants of the customer. "A service strategy is simply a statement of what you intend to do – must do, really for the

customer if you are to be successful in distinguishing yourself through service quality, whatever the business may be” (American Library Association Policy Manual, nd, p. 99). A well-conceived customer service strategy concentrates the energy of the organization on the real priorities of the customer. It communicates to the public the beliefs and values that guide the organization.

In many cases, the customer’s first impression of an organization comes during contact with frontline staff. The public services clerks at the information desk or circulation desk and the reference librarians in the library often have the first opportunity to serve the customer. Excellent customer service depends on the professionalism of frontline people. “Without well-trained, well managed, motivated people, good service can not be delivered. Frontline people must be empowered to work on behalf of the customer through knowledge, policy, and culture. Managers of organizations that provide outstanding service help people who deliver service keep their attention fastened on the needs of the customer (American Library Association Policy Manual, nd, p. 60). A positive attitude is the foundation for the appropriate actions or behaviors required for an exceptional customer service. An outstanding facility, excellent programming, wonderful collections, and cutting-edge technologies will not keep customers satisfied if staff members are incompetent, unfriendly, indifferent, or inflexible. The best frontline employees are both competent and caring. The service provided should be timely, accurate and with concern and courtesy. Nowadays customers place a high value on performance and service. What customer’s value most in our service, include five factors (Blume, 1988).

2.5 Type of Products Sold

A basic assumption concerning the depth of a brand’s product assortment is that offering consumers more options is superior to offering fewer options, for the simple reason that a greater variety of options can cater to a wider range of tastes (Lancaster 1990). This basic assumption has been challenged by recent research that has raised doubts about the wisdom of offering consumers many options to choose from (Iyengar and Lepper 2000, Schwartz

2004). For example, Iyengar and Lepper demonstrated that consumers who were presented with a set of 24 jams were significantly less likely to purchase one of these options compared to consumers presented with just 6 jams. Other researchers (Dhar, 1997) have shown that offering more options can generate decision conflict and preference uncertainty, leading to decision deferral.

Consider a consumer shopping at their local grocery store who decides that they would like to buy some ice cream. They are confronted with an onslaught of options, with flavors ranging from Vanilla to Rum Raisin and brands from Haagen Dazs to Breyers. On this particular day, Haagen Dazs offers more than a dozen different flavors while Breyers only offers a couple. Assuming the consumer has no prior brand preference, which brand will they choose and how will the variety the brand offered influence their decision? If they know they want Rum Raisin and only Breyers offers it, the choice is easy. But what if they decide they want a flavor offered by both brands (e.g., Vanilla)? Could the amount of variety each brand offers influence their perception of those brands and, hence, their brand choice?

These questions apply broadly because most purchase situations involve brands that offer different levels of product variety, with the level of variety easily observed by the consumer. A good deal of research has assumed that, other things being equal (e.g., costs, shelf space), offering more options is better (Kekre and Srinivasan 1990, Lancaster 1990). Supporting the notion that consumers like variety, in certain product categories a reduction in assortment has been shown to lead to reduced sales (Borle et al. 2005).

At the same time, offering greater product variety is usually associated with higher costs (Draganska and Jain 2005); a firm's production costs often increase with the length of their product line. Furthermore, recent research has shown that more options can generate decision conflict, confusion, and frustration, leading to choice deferral or even no choice at all (Chernev 2003; Iyengar and Lepper 2000). Paradoxically, people choosing from larger variety enjoyed the decision-making process more, but they also felt greater frustration and difficulty with choice and were less likely to make a purchase (Iyengar and Lepper 2000).

In many situations, however, the relevant question is not whether a choice will be made, but which brand consumers will select. When we go to the store in search of yogurt or need to buy chocolate for a friend's birthday, we have often already decided to make a choice but may be uncertain about which brand to purchase. How would the variety a brand offers influence which brand consumers choose? The literature on "too much choice" might indicate that consumers would avoid high-variety brands in anticipation of the difficulty of choosing from a large set of options. However, typical studies pertaining to the role of decision conflict (Dhar 1997, Tversky and Shafir 1992) and "too much choice" (Iyengar and Lepper 2000) have not addressed that question directly and have focused instead on whether a choice is made. Thus our focus is on a common situation in which the relevant issue is not whether a choice will be made, but which brand will be selected (given that the decision to buy has already been made).

In Kenya, the Insurance business can broadly be classified into general and life. Despite this classification the different classes of insurance businesses can be viewed as lines of business along the profit centre concept. According to the KPMG's 2004 Kenya Insurance Survey, the General insurance industry in Kenya is mainly driven by four main lines of business: Motor-Commercial, Fire- Industrial and Engineering, Motor- Private and Personal Accident. The life insurance industry is mainly driven by two main lines of business: Ordinary Life and Superannuation, which includes Group Life Insurance and Deposit Administration. The main players in the Kenyan insurance industry are: insurance companies, reinsurance companies, insurance brokers, insurance agents and finally the risk managers.

2.7 Consumer Attitude

Cross-buying from a service provider as opposed to maintaining a relationship with a service provider has been growing in importance (Bolton et al., 2004). In fact, cross-buying seems to be a more complex decision-making process relative to customer retention decisions (Verhoef et al., 2001). Cross-buying can be considered as a measurement of relationship enhancement (Selnes, 1998), customer share development (Verhoef, 2003), the breadth of the

relationship (Bolton et al., 2004) and relationship extension (Verhoef and Donkers, 2005). Prior research conceptualises relationship quality as a construct consisting of trust and satisfaction (Crosby et al., 1990).

2.7.1 Effect of Perception on Cross-Buying

An attitude may be defined as a learned disposition to behave in a consistently favourable or unfavourable way with respect to a given object (Schiffman and Kanuk, 2000). Stated differently, it positions people into a frame of mind of liking or disliking things, of moving toward or away from them (Kolter and Armstrong, 2008). It is acknowledged that people have attitudes toward almost everything - religion, politics, clothes, music, food (Kotler, 2003). In marketing context, it is stated that consumers can develop attitudes to any kind of product or service, or indeed to any aspect of the marketing mix, and these attitudes will affect behaviour (Kacen and Lee, 2002). It is argued also that consumers' brand attitudes generally depend on the attributes and benefits of the brand (Chang, 2006). Given this logic of argument, this study seeks to determine the influence of attitude on consumers' decision to purchase insurance products from the bank

According to Hoyer and MacInnis (2004), consumers' values and beliefs need to be considered when examining the influences that affect purchasing decisions. Values are enduring beliefs that a given behaviour is desirable or good and include valuing of the products and services. The consumer perception of the product or service play a primary role in purchase decision as the perceived product value affect people's beliefs, which then have influences on personal norms that lead to consumers' purchase decision (Reser and Bentrupperbaumer, 2005; Stern, 2000). Similarly, Ajzen's (1991) Theory of Planned Behavior shows that product beliefs form attitudes towards purchase behaviour, which is then translated into intention of to either buy or not buy.

Product values are regarded as principles that guide the formation of consumer attitudes and actions (Rokeach, 1973), although values do not always lead to behaviour in real life. That is, people's attitudes affect their thoughts (the cognitive function) and feelings (the affective function), and thus influence behaviour such as purchasing behaviour (Hoyer and MacInnis,

2004). This implies that marketers should seek to change consumers' attitudes so that they can influence consumers' decision making and behaviour. The Theory of Reasoned Action (Ajzen and Fishbein, 1980) suggests that marketers can influence consumers' attitudes and intentions by changing their evaluations through adding new beliefs and targeting normative beliefs. Branding is a valuable tool in this manipulation or forming of attitudes. Brands are effective because they have an effect on the affective domain: rational reasons are translated into emotional preferences (Travis, 2000). Thus, brands can shift consumer attitudes to more sustainable consumption.

2.7.2 Effect of Satisfaction on Cross-Buying

Oliver (1980) defined satisfaction as a function of a cognitive comparison of expectations prior to consumption with the actual experience. This process is often referred to as the disconfirmation paradigm, whereby clients make a post-purchase comparison between pre-purchase expectations and actual performance received (Oliver, 1980). When actual performance exceeds expectations, positive disconfirmation occurs and leads to satisfaction, while actual performance below expectations results in negative disconfirmation and dissatisfaction. Two conceptualisations of satisfaction can be distinguished: transaction-specific and cumulative satisfaction (Anderson et al., 1994). Evaluation of cumulative satisfaction is based on the firm's past, current, and future performance. In contrast, transaction-specific satisfaction may provide specific diagnostic information about a particular service encounter.

Highly satisfied clients, in general, are likely to buy additional products (Westlund et al., 2005). Reynolds & Beatty (1999) evidenced a positive relationship between satisfaction and share of purchases. Meanwhile, Magi (2003) found that satisfaction has a positive effect on share of wallet. However, it was suggested that satisfaction has a smaller effect on cross-buying than customer retention (Bolton et al., 2004). Furthermore, it was found that satisfaction does not have a significantly positive effect on cross-buying (Verhoef et al., 2002) and customer share development (Verhoef, 2003). According to their findings, lower satisfaction may result in a reduction in the number of products purchased, but higher

satisfaction will not necessarily result in additional purchases. In other words, satisfaction with existing services does not necessarily lead to additional cross-buying. In fact, researchers have questioned the relationship between satisfaction and loyalty. For example, Homburg and Giering (2001) showed personal characteristics, such as variety seeking, age, and income, moderate the relationship between satisfaction and loyalty. Verhoef et al. (2001) found that the effect of satisfaction on cross-buying increases with relationship length. To gain a better understanding the relationship between satisfaction and cross-buying, we will examine the moderating effects of category similarity and complexity.

2.7.3 Effect of Trust on Cross-Buying

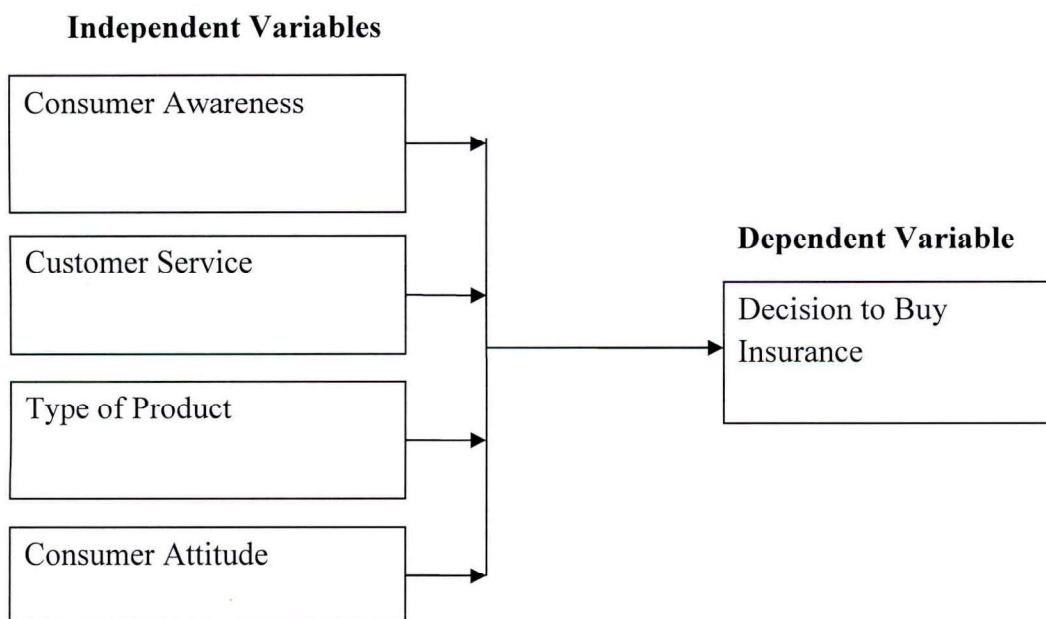
Based on Morgan & Hunt (1994), trust is defined as the integrity, honesty and confidence that one party perceives in the other. Doney & Cannon (1997) defined trust as a two-dimensional construct: the perceived credibility and benevolence. Moreover, Johnson & Grayson (2005) developed two dimensions of trust. Cognitive trust is the client's confidence in relying on a service's competence and reliability. Affective trust is based on the feelings generated and the degree to which one party perceives care and concern from the other. In addition, Garbarino & Johnson (1999) stated that trust in an organisation is the confidence in the quality and reliability of products offered. Indeed, trust is generally viewed as a critical element in the development of an enduring desire to maintain a long-term relationship (Johnson & Grayson, 2005).

Johnson & Grayson (2005) found that cognitive trust has a positive effect on sales effectiveness (similar to the concept of cross-buying in this study). However, relationship quality was not found to affect sales effectiveness (Crosby et al., 1990). Similarly, Verhoef et al. (2002) reported that the relationship between trust and cross-buying is not significantly associated because trust is only important for clients in choosing a new service provider. In addition, due to the fact that financial service providers usually maintain a trustworthy reputation, that reduces the effect of trust on the cross-buying of such products. In contrast, it was argued by Selnes (1998) that as clients purchase more products in the relationship, they

simultaneously increase their dependence on the service providers. Consequently, clients need to trust their service providers and feel confident in their dealings with them (Ambler et al., 2002). In other words, trust has an important role in extending the scope of the relationship. Those mixed results may be due to different dependent measures (cross-buying, sales effectiveness and relationship enhancement) or different independent variables (trust and relationship quality). Besides different measurements of the constructs, Verhoef et al. (2002) investigated the moderating effect of relationship age on the relationship between trust and cross-buying, but did not find any moderating effect. However, no research has explicitly examined the moderating effects of category similarity and complexity on the relationship between trust and cross-buying. Thus, there is a need for research that further examines the relationship between cross-buying, satisfaction and trust under varying levels of category similarity and complexity.

2.8 Conceptual Framework

Figure 2.1 Conceptual Framework



Source: Author (2012)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents methods the researcher will employ in collecting and analyzing data. This includes the research design, target population, sampling design, data collection instruments and, procedures and data analysis techniques.

3.2 Research Design

The study adopted a descriptive research design. According to Schindler and Coopers (2004), descriptive studies are more formalized and typically structured with clearly stated questions to investigate. It serves a variety of research objectives such as descriptions of phenomena or characteristics associated with a subject population, estimates of proportions of a population that have these characteristics and discovery of associations among different variables. Descriptive statistics also enables the researcher to meaningfully make complete description of the situation making sure that there is minimum bias in the collection of data and reduces errors in interpreting data collected (Mugenda and Mugenda, 2003).

3.3 Target Population

The target population was all the commercial banks doing bancassurance in Kenya and the bank customers. According to IRA Report on bancassurance (2010), there are only 8 banks that are licensed to sell insurance products. According to the Central Bank of Kenya report (2010) there are 10,531,538 account holders by the sampled banks.

Table 3.1: Population Size

	Population	Percentage
Equity Bank	6,100,213	58
Kenya Commercial Bank	2,501,111	24
National Bank of Kenya	512,000	5
Family Bank	612,000	6
Commercial Bank of Africa	250,001	2
NIC Bank	302,003	3
Diamond Trust	154,091	1
First Community Bank	100,101	1
Total	10,531,538	100

3.4 Sampling Techniques

The study employed purposive sampling in selecting the respondents as only those banks which practice bancassurance were selected for the study. Due to the smallness of the size, the researcher studied all the banks doing bancassurance which were located in Nairobi. Using the sample size calculator the study got a sample size of 385. Disproportionate stratified sampling was used to select the respondents from the sampled banks depending on the proportion.

Table 3.2 Sample Size

	Population	Sample Size	Percent of the sample
Equity Bank	6,100,213	220	57%
Kenya Commercial Bank	2,501,111	93	24%
National Bank of Kenya	512,000	19	5%
Family Bank	612,000	23	6%
Commercial Bank of Africa	250,001	10	2.5%
NIC Bank	302,003	10	2.5%
Diamond Trust	154,091	5	1.25%
First Community Bank	100,101	5	1.25%
Total	10,531,538	385	

3.5 Data Collection

The researcher used questionnaires to collect primary data. According to Gay (1996), descriptive research data are usually collected using questionnaires. Questionnaire studies are generally much less expensive and they do not consume a lot of time in their administration (Wiersma 1985). Briefness in a questionnaire also encourages higher response rate and also provides an opportunity for anonymity to promote high and honest response rate (Mui 2003). Questionnaires also reduce bias as they consist of uniform questions and respondent is not influenced in answering the questions. They are a fairly familiar technique and it is expected that the targeted respondents have had an experience in completing questionnaires.

The response choices were nominal and closed questions on an interval scale. Some open ended questions were included to help respondents explain some of their answers. The nominal questions required the respondents to answer either yes (to agree) or No (to disagree) have no preferential values (Fink 1995). The interval scale were measured on a 5 point Likert scale. The bank customers filled and return the questionnaires immediately.

3.6 Data Analysis

The data collected was first edited then code numbers assigned to each answer of the question to generate a coding list or frame which were then fed into a computer software SPSS. The data was then analysed using descriptive statistics such as mean scores, frequencies, and measures of dispersion including variance and standard deviation. In addition, to further determine the relationship between factors influencing consumer buying decision (Independent) and the decision to buy insurance products from bank (dependent) the study regressed the variables using Ordinary Least Square (OLS). Similar studies by Lymberopoulos, Chaniotakis and Soureli (2004) on the determinants of banks to cross-sell insurance products in Greece used OLS to demonstrate the effect of independent variable (customer awareness, insurance products, consumer attitude and customer care) on banks cross selling insurance products. The results were positive for all the variables.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND FINDINGS

4.1 Introduction

The previous chapter discusses the research methodology of the study. This chapter analyses the data collected which is presented in figures, tables and charts. The interpretations of the study result are also done.

The study sampled 385 customers from the respondents banks out of which 234 responded by completing the questionnaires and returning. This gave a response rate of 61%.

4.2 Demographic Data

In this section the study presents the general information of the respondents. The study sought to establish the respondents gender balance, age, marital status and academic qualifications.

4.2.1 Distribution of respondents by gender

The respondents were asked to state their gender. The study findings presented in Figure 4.1 show that 52% of the respondents were male while 48% were female. This may be interpreted to mean that although the gender distribution was almost equal, more male customers sought the banking services.

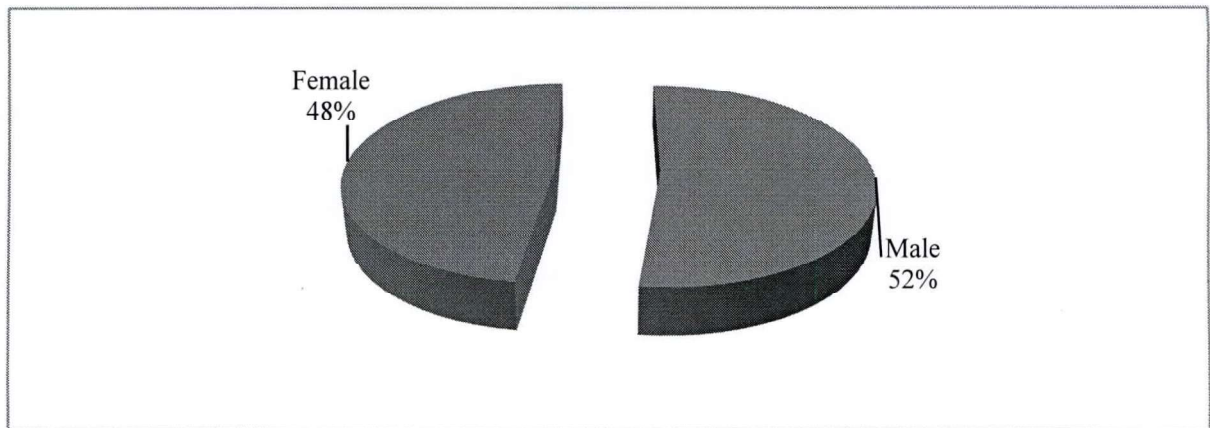


Figure 4.1: Distribution of Respondents by gender

Source: Author (2011)

4.2.2 Distribution of Respondents by Age

The study sought to establish the distribution of respondents by age. According to the results presented in Table 4.1, 27% of respondents were in the age bracket of 36 and 40 years while 19% were between 41 and 45 years. The results show that 14% of the respondents were aged between 25 and 30 years old.

Table 4.1: Distribution of Respondents by Age

Age bracket	Frequency	Percent
Less than 25 years	25	11
25-30 Years	32	14
31-35 Years	39	17
36-40 Years	64	27
41-45 Years	44	19
Over 45 years	30	13
Total	234	100%

Source: Author (2011)

4.2.3 Distribution of Respondents by Marital Status

Respondents were asked to provide details for their marital status. As presented in Figure 4.2, 42% of the respondents were married and 38% were single. The study indicated that 38% customers were single while 29% customers were married. As presented the results indicate that a good number of respondents had not been married.

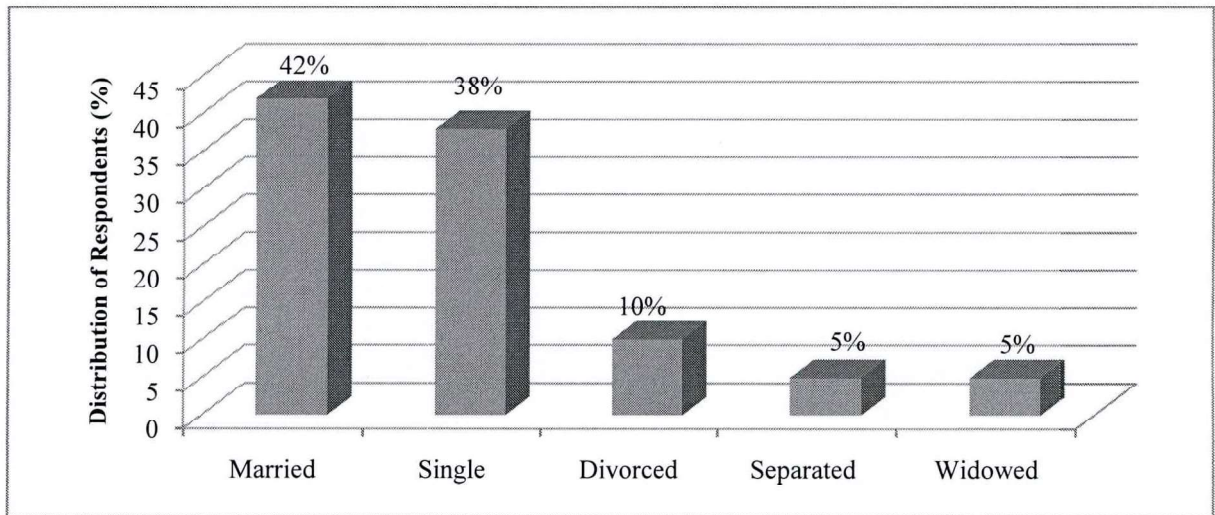


Figure 4.2: Distribution of Respondents by Marital Status

Source: Author (2011)

4.2.4 Distribution of Respondents by Highest Educational level

The study sought to establish the distribution of respondents by educational level. Table 4.3 show that 33% of the respondents had degrees while 29% had secondary level of education. The results also show that 14% of the respondents have master degrees.

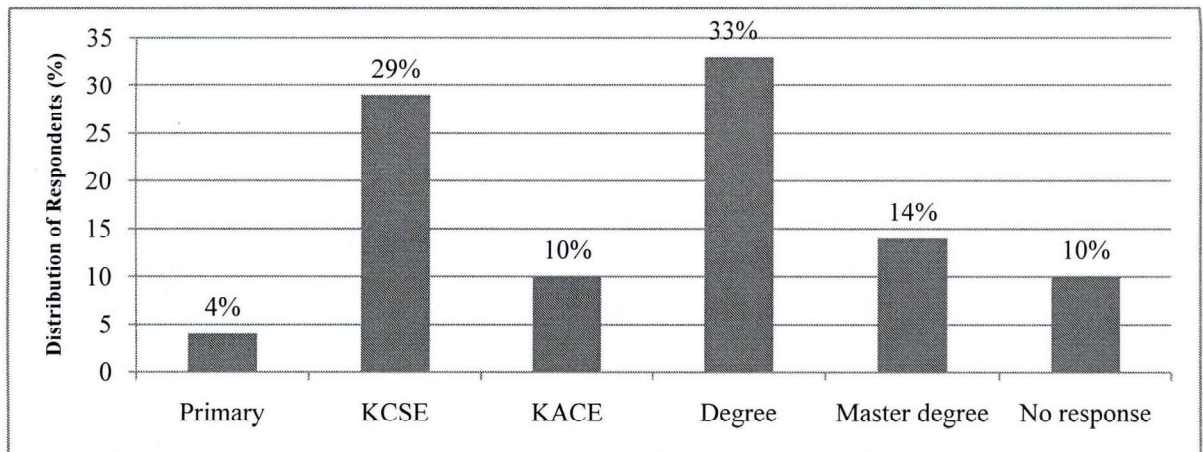


Figure 4.3: Distribution of Respondents by Highest Educational level

Source: Author (2011)

4.2.6 Distribution of customer respondents by employment status

The study sought to establish the employment status of the respondents. Figure 4.4 show that 38% respondents were employed and 29% were not employed. The study results show that 14% of the respondents were students while the same proportion were not employed.

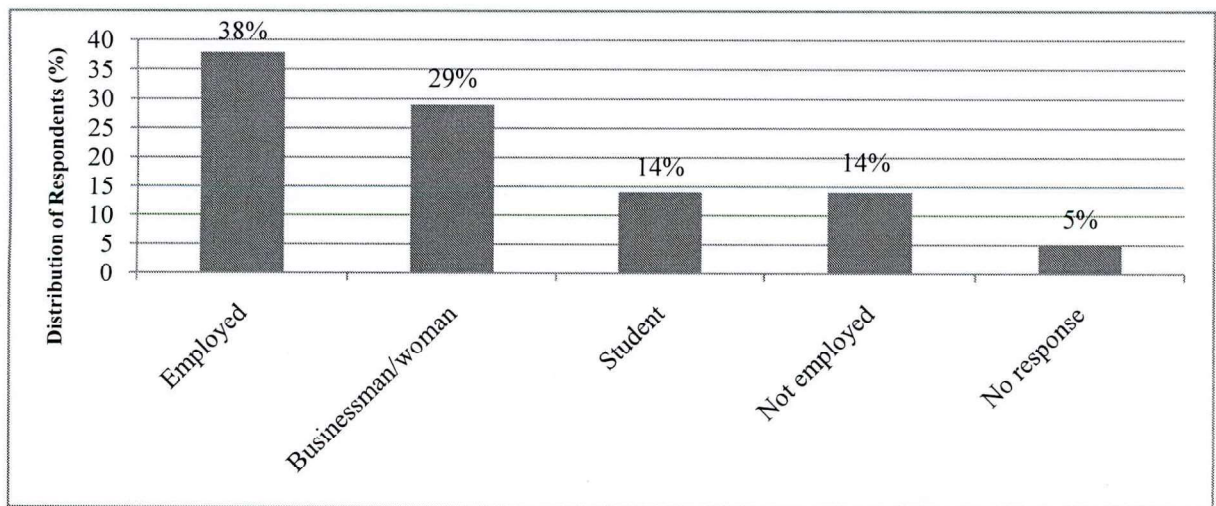


Figure 4.4: Distribution of Customer respondents by Employment Status

Source: Author (2011)

4.3 Customer Awareness and Decision to Buy Insurance

The first objective of the study was to establish the influence of customer awareness on the customers decision to buy insurance products from the banks. The findings are presented in the subsequent sections.

4.3.1 Customers aware Bank sells Insurance Products

The study sought to establish whether customers were aware of banks sells insurance products. The findings of the study presented in Figure 4.5 revealed that majority of the customers (67%) were not aware while 33% were indeed aware of banks selling insurance products. The findings mean that the levels of awareness of bancassurance practices among the customers are low. This may be attributed to the fact that most people associate commercial banks with deposit taking and lending.

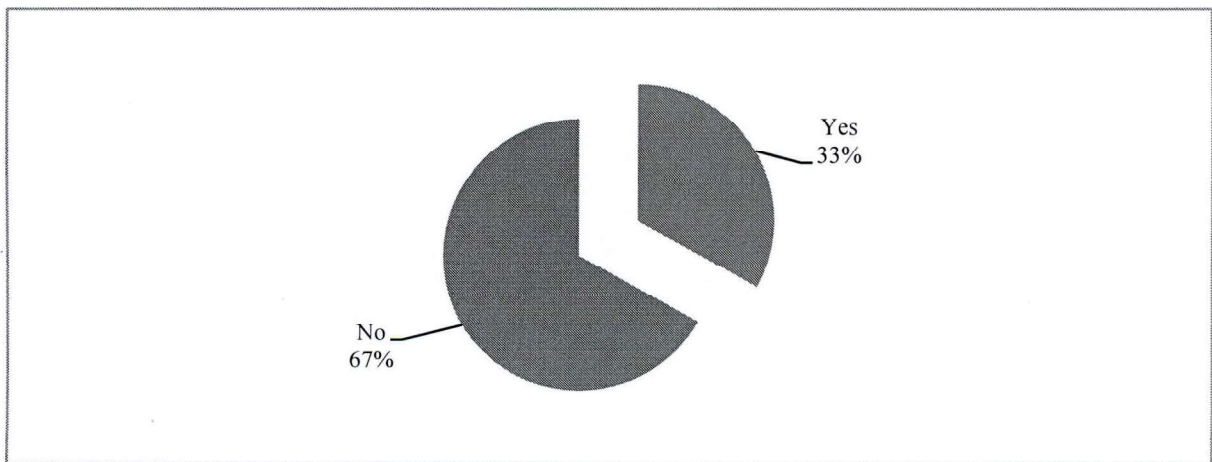


Figure 4.5: Customers aware Bank sells Insurance Products

Source: Author (2011)

4.3.2 Customers' aware of Nature of Insurance products sold by bank

The study sought to establish whether customers are aware of the nature of insurance products sold by the banks. According to the results presented in Figure 4.6, most customers (62%) were not aware of the nature of products sold by the banks while 38% respondents indicated that they are aware. The large number of those not aware of the products represent those who were unaware of the bank selling insurance products. The study established that life assurance and property assurance covers as some product the respondents knew.

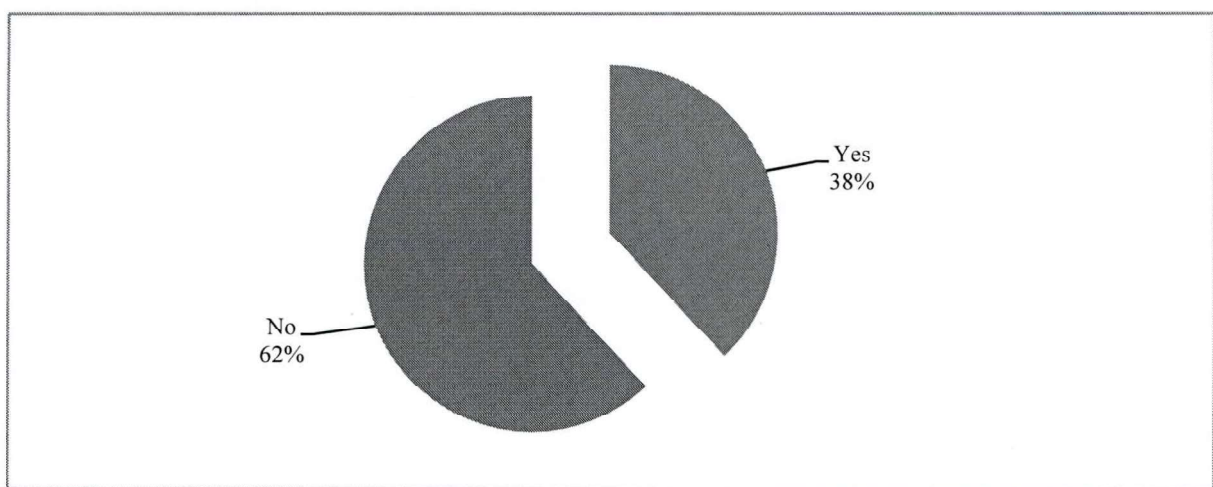


Figure 4.6: Customers' aware of Nature of Insurance products sold by bank

Source: Author (2011)

4.3.3 How Customers' became aware of Banks selling Insurance Products

The study sought to establish the medium through which customers became aware that bank selling insurance products. According to the results presented in Table 4.2, 38% of the respondents became aware of the banks selling insurance products through the media. The study however established that word of mouth from friends and relatives, observations and information from employees were used very marginally to inform the customers of the banks selling of insurance products.

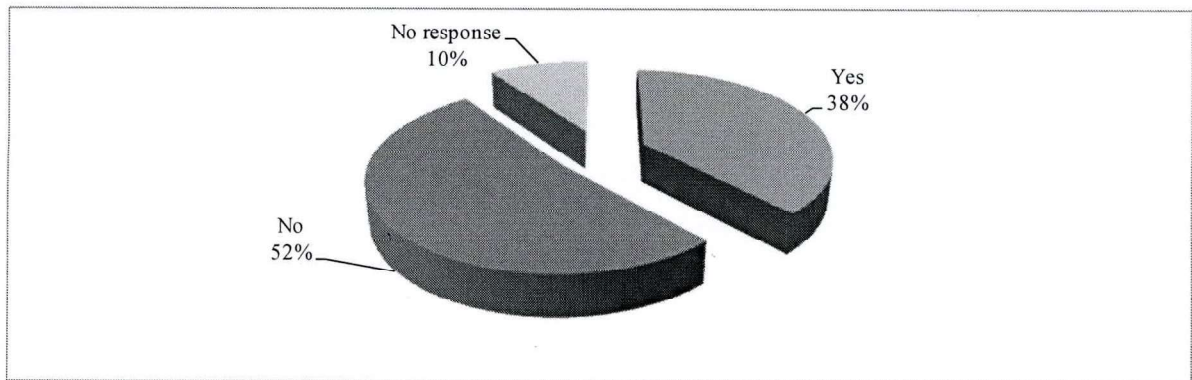
Table 4.2: How Customers' became aware Banks sells Insurance Products

	No extent (%)	Small extent (%)	Moderate extent (%)	Large extent (%)	Very large extent (%)	No response (%)	Total (%)
By observation/enquiry	38	29	10	10	5	10	100
Information from employees	29	24	19	14	5	10	100
From friends and relatives	33	24	14	14	5	10	100
Through media	24	14	5	19	24	14	100

Source: Author (2011)

4.3.4 Awareness of insurance products influenced purchasing decisions

The study sought to establish whether customers' awareness of insurance products did influence their purchasing decisions. Figure 4.7 show that most respondents (52%) indicated that awareness did not influence their decision to purchase insurance from the banks while 38% of the respondents indicated that the awareness did influence their decision to purchase. The result therefore can be interpreted that to a large extent the customer knowledge did not influence their decision to buy insurance products from the banks as this may have been due to other factors.

**Figure 4.7: Awareness of insurance products influenced purchasing decisions**

Source: Author (2011)

Asked to explain their answers most customers indicated that awareness helped them know about varieties of insurance products which the banks sold. Asked to state in their opinion what the banks can do to customers' awareness to increase the purchase of insurance products. Respondents indicated that the banks should more emphasis on publicity to make sure that their customers and even others were aware of their services. Majority advised that banks to be more responsive/attentive to the needs of their customers and besides they should employ more aggressive mode and means of advertisement like televisions, radio and newspapers and more particularly to engage the public (sensitization) through organized seminars to make them more knowledgeable on bancassurance products.

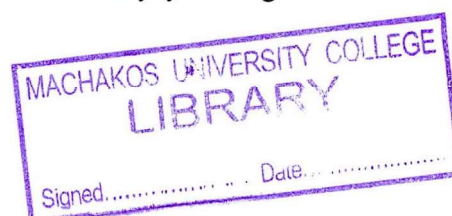
4.4 Customer Service and Decision to Buy Insurance

The second objective of the study was to establish the influence of customer service on the customers decision to buy insurance products from the banks. The findings are presented in the subsequent sections.

4.4.1 Customers happy with Bancassurance services received

Respondents were asked to state whether customers re happy with the services received at the bank. According to the findings presented in Figure 4.8, majority (57%) of the respondents indicated that they are indeed happy with the services while 29% respondents indicate that they are not satisfied. The findings may be interpreted to imply that services offered by the banks are satisfying and acceptable to customers, however more need to be done by banks to raise satisfaction rate to a bigger percentage.

Asked to explain their answers, those who were happy indicated that the banks have good employees who explains or solved customers related services vividly, that the services are offered at appropriate time and always very attractive, some responded that there was no longer queuing for long period of time as was witnessed many years ago as this has been



substituted by online banking. The respondents who were not happy with the services showed that most banks offer poor services as they were only interested at overcharging (high interest rates) customers when they are awarded loan, maintenance fee was similarly mentioned as always high and that most banks have got slow staffs at the counters.

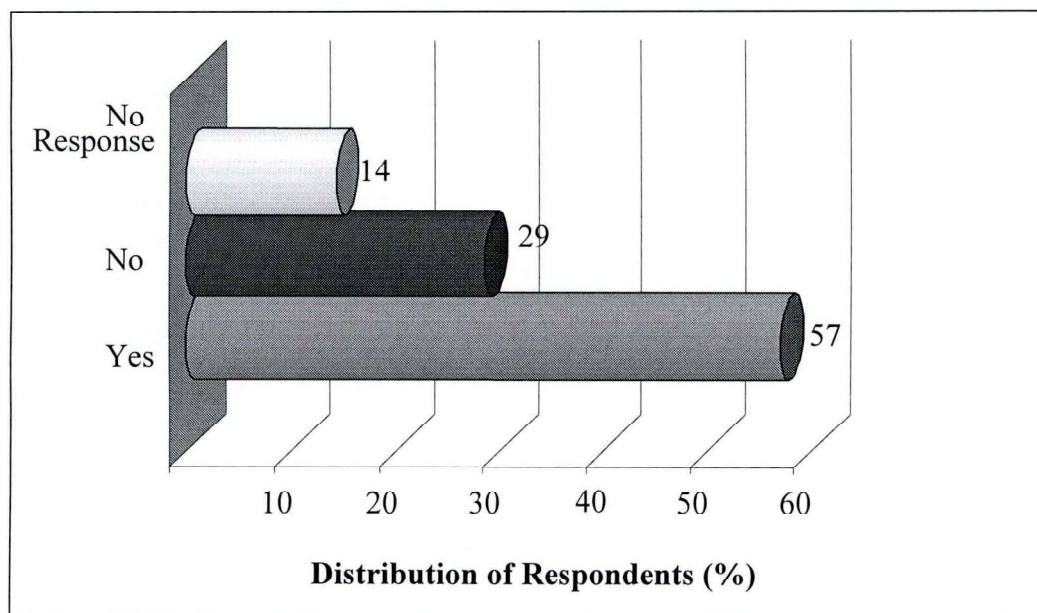


Figure 4.8: Customers happy with services received at bank

Source: Author (2011)

4.4.2 Whether customers can recommend the bank to others

The respondents were asked to indicate whether they could be able to recommend the banks to others. As illustrated in Figure 4.9, 62 percent indicated that they can recommend the banks to others while 24 percent showed that they can not. The findings may be interpreted to mean that most customers are likely to recommend the banks to others for they are widely in agreement with the services that are offered.

Asked they would or wouldn't recommend the bank to others, the respondents who were positive in their responses indicated that its because they are extremely happy or satisfied

with their services while those who were against recommendation gave reasons such as poor services e.g. delayed loans and other bank related services and slow employees at the service counters.

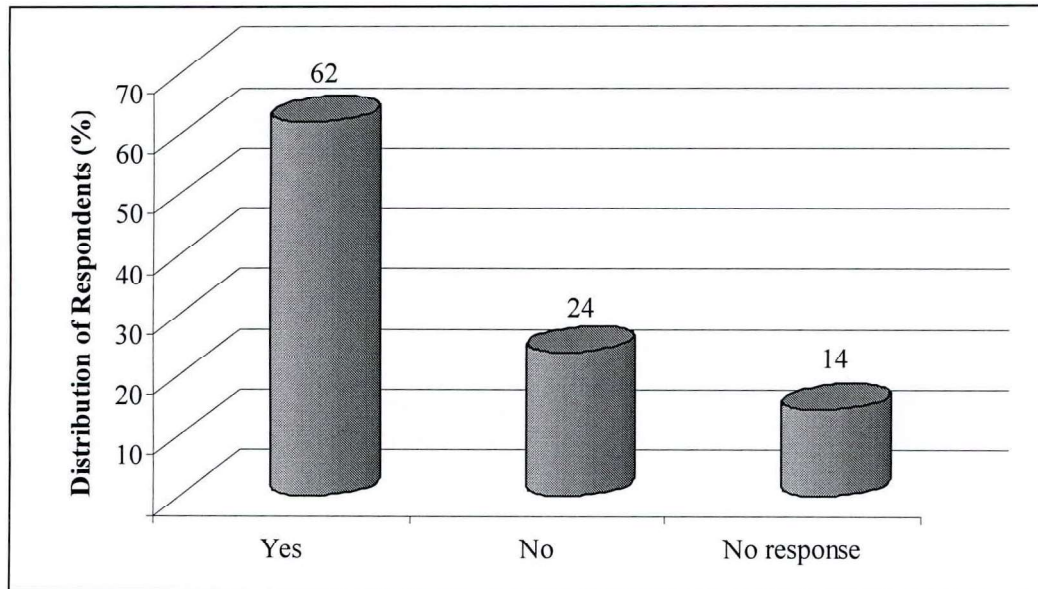


Figure 4.9: Whether Customers can Recommend the Bank to Others

Source: Author (2011)

4.5 Customer Attitude and Decision to Buy Insurance Products

The study presents the findings of the third objective of the study which was to establish the effect of customer attitude on the customer decision to buy insurance products from the bank. The findings are presented in the sections that follow.

4.5.1 Customers attitudes towards insurance products sold by bank

Respondents were asked to state their attitudes towards insurance products sold by the banks. As presented in Table 4.3, 38% respondents had positive attitudes towards insurance

products while 33% had neutral response. The study results show that only one third of respondents have a positive

When asked to explain their responses, they said that insurance assist in time of need i.e. the family medical cover, they meet customers' expectations and that they are effective and acts as customers security. The respondents whose responses were negative indicated that those who offer the products are unreliable hence the products can not be trusted.

Table 4.3: Customers attitudes towards insurance products sold by bank

	number	Percent
Positive	89	38
Neutral	77	33
Negative	44	19
No response	23	10
Total	234	100

Source: Author (2011)

4.5.2 Customers trust banks to sell products than insurance companies

The study sought to establish whether they trusted the banks and its employees to sell insurance products other than insurance companies. As illustrated in Figure 4.10, the results showed that most customers (52%) trusted banks and employees to sell insurance products. The results could be interpreted to mean that banks are more trusted to offer the services on bancassurance than other companies.

Asked to explain their answers most respondents indicated that they have well trained and trusted staffs who normally work within a given time line to satisfy customer high

expectations and that banks have good security with clienteles' products. Respondents who did not trust the banks mentioned that they charge high interest rates on their services and that they operate similar to other insurance companies who were as well unreliable.

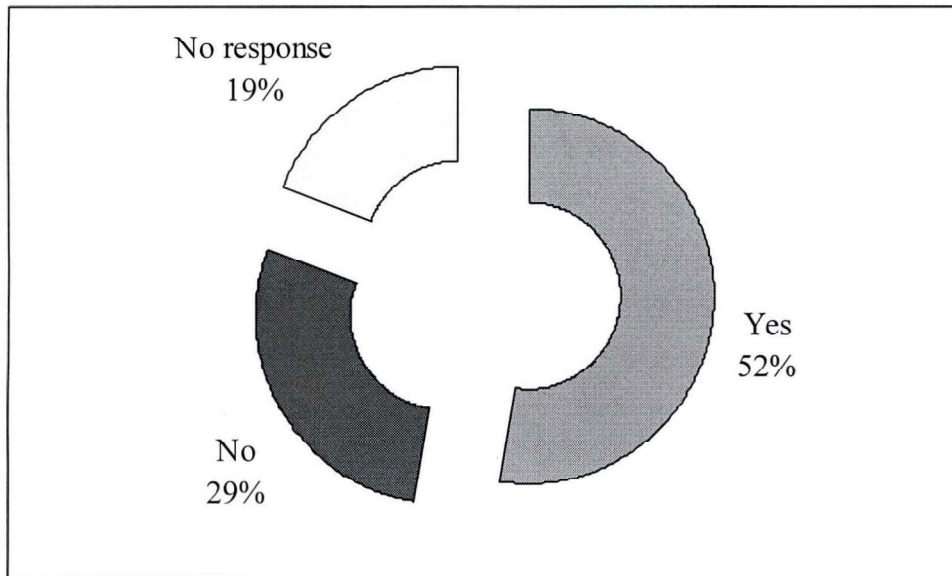


Figure 4.10: Customers trust banks to sell products than insurance companies

Source: Author (2011)

4.5.3 Employees have competency to sell insurance products

The respondents were asked to state whether employees have competencies to sell the insurance products than insurance companies. A majority (67%), as indicated in Figure 4.11, indicated that the bank employees indeed have competency to sell the insurance products while 24% indicated that they don't have competencies. The findings could be interpreted to mean that customers have trust in bank employees selling their insurance products due to the fact that they are competent enough as opposed to employees from insurance companies.

Asked to explain their answers, the respondents who rated bank employees as competent indicated that they are well trained, competitive, skilled and knowledgeable while the respondents who did not believe that the bank employees are competent stated that some of

the employed staffs do not understand their responsibility on bancassurance properly thereby misleading customers with false and inaccurate information.

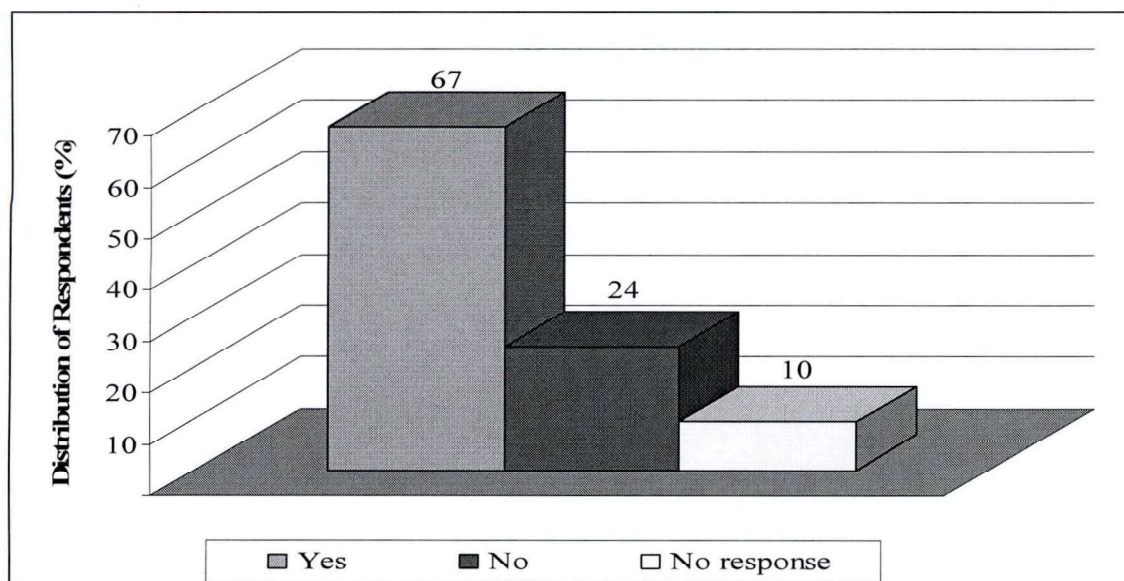


Figure 4.11: Employees have Competency to Sell Insurance Products

Source: Author (2011)

4.6 Type of Products and Decision to Buy Insurance Products

In this section presents the findings on the fourth objective of the study which was to identify the influence of types of insurance products sold by the banks on the customers' decision to buy the products from the bank. The findings are presented in the subsequent sections.

4.6.1 Have bought insurance products from the bank

Respondents were asked to indicate whether they had bought insurance products from the banks. The results in Figure 4.12 show that majority of the respondents (65%) indicated that they had bought insurance from the banks. The results also show that 26% of the respondents have not bought any insurance products from the banks.

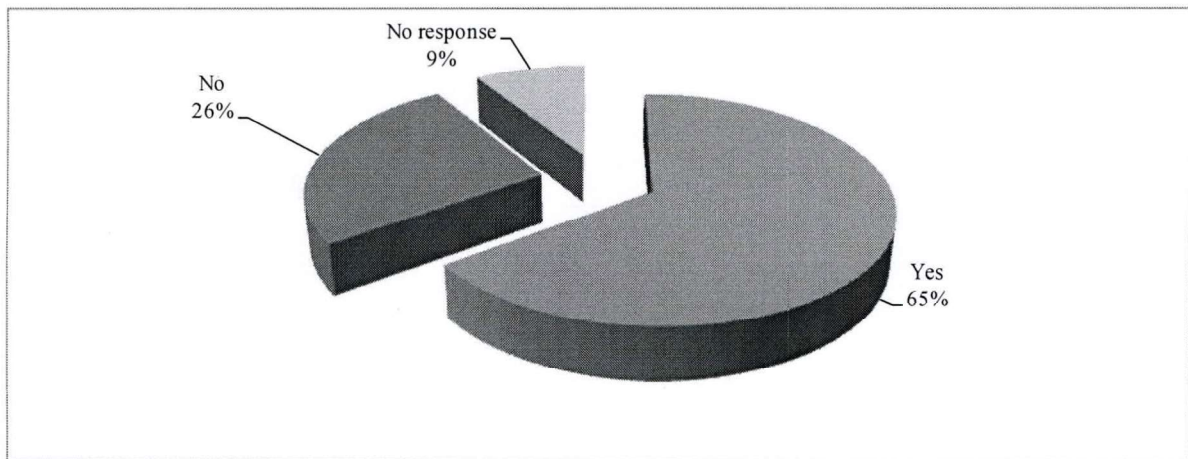


Figure 4.12: Have bought Insurance Product from Bank

Source: Author (2011)

4.6.2 Types of insurance Products Bought

The study sought to establish the types of insurance products bought by the respondents. According to the results in Figure 4.13, most of the respondents (49%) bought agriculture/livestock insurance. The results also revealed that 45% of the respondents bought auto insurance. The results show that 39% of the respondents bought personal accident insurance. The results mean that the banks sell a variety of products but the preferred products are agriculture/livestock and auto insurance. This may be attributed to the fact that a large proportion of insurance is in the auto industry while most of the customers especially from Equity bank which is the leading in bancassurance in Kenya could be farmers.

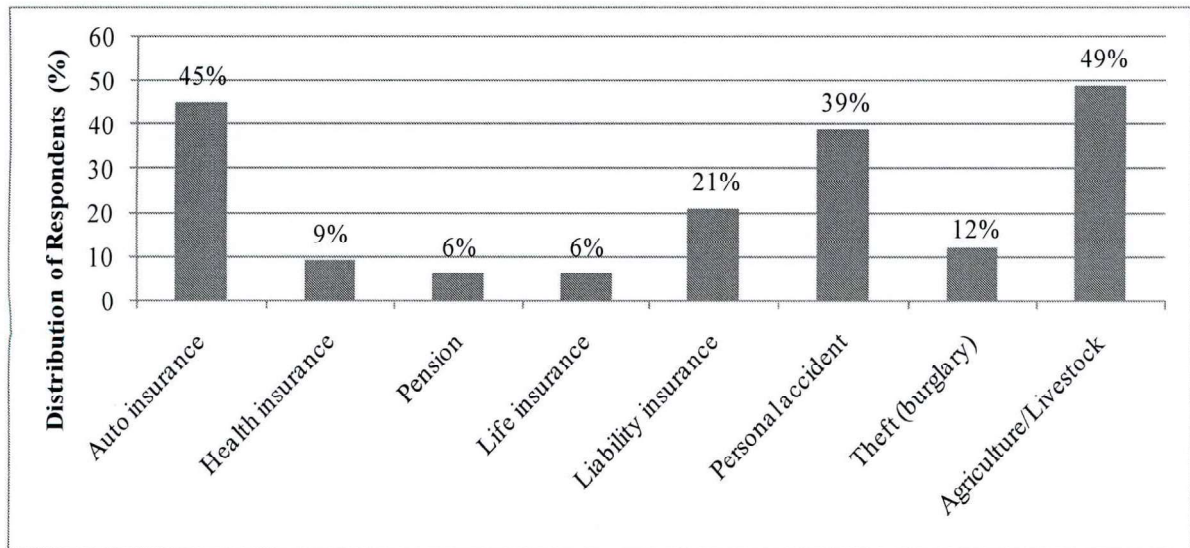


Figure 4.13: Types of insurance Products Bought

Source: Author (2011)

4.6.3 Type of Products Sold Influenced Decision to Buy Products

Respondents were asked to indicate whether the type of product sold influenced their decision to buy insurance products from the bank. The results revealed that 68% of the respondents were influenced by the type of insurance products sold in their decision to buy insurance products from the bank.

Asked to explain their answers, respondents indicated that the banks sold insurance products which were relevant to their needs such as the auto and agriculture/livestock. Respondents also indicated that the banks sold products which were not complicated to their understanding. They indicated that they were familiar with such products as auto, pension, health, agriculture among others unlike the ones sold by the insurance companies which need someone to explain to them to better understand.

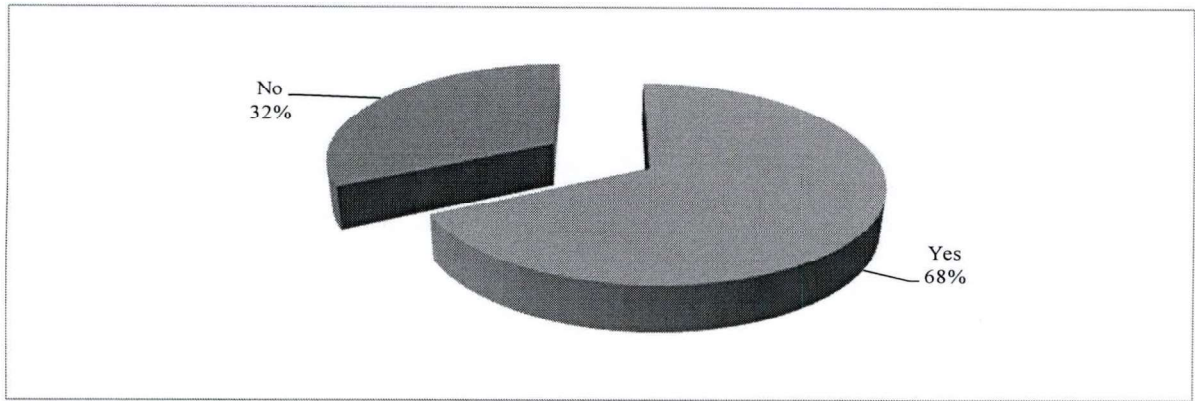


Figure 4.14: Type of Products Sold Influenced Decision to Buy Products

Source: Author (2011)

4.7 Regression Analysis

Regression analysis was used to estimate the effect of independent variables (awareness, customer service, type of insurance product and customer attitude) on the dependent variable (consumer decision). The model is represented by:

$$\text{Consumer Decision} = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e_i$$

The R Squared in Table 4.4 show that the independence variables (awareness, customer service, type of insurance product and customer attitude) explain 35.8% of the variance in consumer decision in the buying insurance products from the banks. The results mean that not all the variables in this model are significant predictors of the consumer decision at the 95 percent confidence level.

Table 4.4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.598 ^a	.358	.356	.216

a. Predictors: (Constant), Type of insurance products bought, Customers' aware Bank sell Insurance Products, Customers happy with services received at bank, Customers attitudes towards insurance products sold by bank

The results in Table 4.5 show that the significance value (*p-value*) of F statistics (0.047) is less than 0.05 implying that the independent variables do indeed explain the variation in the consumer decision. The model is therefore significant.

Table 4.5: ANOVA^b

	Sum of Squares	df	Mean Square	F	Sig.
Regression	.207	4	.052	1.108	.047 ^a
Residual	.746	16	.047		
Total	.952	20			

a. Predictors: (Constant), Type of insurance products bought, Customers' aware Bank sell Insurance Products, Customers happy with services received at bank, Customers attitudes towards insurance products sold by bank

b. Dependent Variable: Buy insurance products from the bank

Using the values of the coefficients (β) from the regression coefficient table 4.16, the established regression equation takes the form of:

$$\text{Consumer Decision} = 0.825 + 0.158 * \text{Awareness} + 0.151 * \text{Customer Service} \\ 0.083 * \text{Customer Attitude} - 0.022 * \text{Type of Product}$$

This can be interpreted to mean that in the absence of the independent variable the consumer decision to buy insurance products from the bank will change by a magnitude of 0.825. The results could further be interpreted to mean that a unit change in consumer awareness will result in to a 0.158 unit change in consumer decision to buy insurance products from the bank in the same direction. The results also mean that a unit change in customer service will result into a 0.151 unit change in consumer decision to buy insurance products from the bank in the same direction. However, a unit change in customer attitude will result into a 0.083 unit change in consumer decision to buy insurance products from the bank in the opposite direction. The results show that all the variables are statistically significant as the p-values are less than 0.05 ($p \leq 0.05$).

Table 4.6: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.825	.207		3.985	.000
Customers' aware Bank sell Insurance Products	.158	.114	.350	1.386	.005
Customers happy with services received at bank	.151	.104	.515	1.452	.036
Customers attitudes towards insurance products sold by bank	-.083	.080	-.381	-1.033	.017
Type of insurance products bought	-.022	.015	-.363	-1.535	.044

a. Dependent Variable: Buy insurance products from the bank

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

In the previous chapter data from the field was analysed and the findings presented in tables and figures. In this chapter the findings are summarized and conclusions made followed by recommendations for the management, and suggestions for further study.

5.2 Summary of Findings

5.2.1 Customer awareness of Banks selling Insurance Products

The study established that only 33% of the respondents were aware that banks sell insurance products while most of the respondents were not aware. The study also established that 38% of the respondents were aware of the nature of insurance products sold by the banks. The study results show that 43% of the respondents became aware of the bank selling insurance products through the media. According to 52% of the respondents, awareness of the banks selling insurance product did not influence their decision to purchase insurance products from the bank. Only 38% of the respondents were influenced by the awareness.

5.2.2 Customers awareness of the nature/types of insurance products sold by the banks

The study established that most of the respondents (57%) were happy with the services received at the bank. Respondents indicated that they are no longer queuing for a long time for services at the banks. The study results revealed that 62% of the respondents would recommend the bank to others. Respondents indicated that banks have good employees who explains or solved customers related services vividly, that the services are offered at appropriate time and always very attractive.. However, other respondents indicated that banks offer poor services as they were only interested at overcharging (high interest rates) customers when they are awarded loan, maintenance fee was similarly mentioned as always high and that most banks have got slow staffs at the counters.

5.2.3 Customers' attitudes towards insurance products sold by bank

The study established that 38% of the respondents had positive attitudes towards insurance products. The results revealed that 52% of the respondents trusted banks employees to sell insurance products. The findings of the study also revealed that 67% of the respondents indicated that the bank employees indeed have competency to sell the insurance products. Respondents indicated that the banks have well trained and trusted staffs who normally work within a given time line to satisfy customer high expectations and that banks have good security with clienteles' products. They therefore rated bank employees as competent indicated that they are well trained, competitive, skilled and knowledgeable

5.2.4 Influence of product type on insurance products sold by banks

The study established that 65% of the respondents bought insurance products from the banks. According to the findings of the study, 49% of the respondents indicated that they bought livestock/agriculture insurance policy from the banks while 45% bought the auto insurance policy from the banks. The results also show that 39% of the respondents bought personal accident insurance policies from the banks. The study results revealed that 68% of the respondents' decision to buy was influenced by the type of product. Respondents indicated that the banks sold insurance products which were relevant to their needs such as the auto and agriculture/livestock.

5.3 Conclusions

In relation to the findings in the previous chapters, it can be concluded that the customers were made aware that banks sold insurance products mostly through media and bank employees. The awareness of insurance products does not influence the decision of customers to purchase. The respondents were to a large extent satisfied with the services they

received from the banks and would recommend their friends to the bank. The study established that the respondents had a positive attitude towards the bank selling insurance products, the customers therefore trusted the banks to sell insurance products. According to the findings, the insurance products that are preferred by majority of the respondents were agriculture/livestock, auto and personal accident insurance. The type of products sold by the banks influenced the decision to buy the insurance products from the bank.

5.4 Recommendation

The study established that there exists a positive relationship between the customer awareness and the decision to buy insurance products from the bank. The study recommends that commercial banks should engage in more awareness to sensitize the consumers of the insurance products they are selling.

The study also established that the customers were satisfied with the services received from the bank which also influenced their decision to buy insurance products from the bank. The study recommends that banks adopt strategies that will sustain customer satisfaction.

The customer attitude towards insurance products sold by the banks is positive and therefore influenced their decision to buy the products. The study recommends that commercial banks should focus on strategies which will enhance their perception on the insurance products sold.

The types of insurance products sold by the banks influenced the customers' decision to buy products from the banks. The study recommends that banks improve their skills in understanding and handling the insurance products.

5.5 Suggestion for future Research

The study was conducted on a few selected commercial banks located in Nairobi, Kenya. The study recommends that similar research be done in the whole country to ascertain the opportunity for growth of insurance products and services in Kenya.

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APPENDICES

APPENDIX 1: QUESTIONNAIRES

Instructions

- ❖ Please read each statement carefully and tick the appropriate answer.
- ❖ Fill in answers to all questions with blank spaces.

SECTION A: BACKGROUND INFORMATION FACILITATORS

1. What is your gender? Male ☐ Female ☐
2. What age bracket do you belong to?

Less than 25 years ☐ 25 – 30 years ☐ 31 – 35 years ☐

35 – 40 years ☐ 41 – 45 years ☐ Over 45 years ☐
3. Describe your marital status by ticking in the appropriate box

Married ☐ Single ☐

Divorced ☐ Separated ☐

Widow (er) ☐ Other _____
4. What is your highest academic qualifications?

KCSE ☐ KACE ☐ Degree ☐ Master Degree ☐

Others (specify) _____
5. What is your employment status?

Employed ☐ Businessman/woman ☐

Student ☐ Not employed ☐

Others (Specify) _____

6. What is the size of your family?

Two ☐ Three ☐ Four ☐ Five ☐ More than five ☐

7. What is the average monthly family income?

Less than Ksh. 10, 000 ☐

Ksh. 10,000 - 20,000 ☐

Ksh. 20,001 – 30,000 ☐

Ksh. 30,001 – 40,000 ☐

Ksh. 40,001 - 50,000 ☐

Over Ksh. 50,000 ☐

SECTION B: INFLUENCE CONSUMER AWARENESS

8. Are you aware of that the bank is selling insurance products to its customers?

Yes ☐ No ☐

9. a) Do you know the nature of the insurance products sold by the bank?

Yes ☐ No ☐

b) If yes specify _____

10. To what extent do the following explain how you came to know that the bank is selling insurance products to the customers?

	No extent	Small extent	Moderate extent	Large extent	Very large extent
I made observation and enquired	☐	☐	☐	☐	☐
I was informed by bank employees	☐	☐	☐	☐	☐
From friends and relatives	☐	☐	☐	☐	☐
I learnt from the media	☐	☐	☐	☐	☐

11. a) In your opinion, has your awareness of insurance products sold by the bank influenced your decision to purchase insurance products?

Yes ☐ No ☐

b) Explain your answer _____

-
12. In your opinion, what should the banks do to consumer awareness to increase the purchase of insurance products? _____
-
-

SECTION C: INFLUENCE OF PRODUCT TYPE

13. What insurance products do the banks sell? (can choose multiple)

Auto insurance	[]	Personal accident	[]
Health Insurance	[]	Theft (burglary)	[]
Pension	[]	Agriculture/Livestock	[]
Life insurance	[]	Others (specify)	_____
Liability insurance	[]		

14. Have you bought insurance product from the bank? Yes [] No []

15. If yes in 7, what insurance products have you bought?

Auto insurance	[]	Personal accident	[]
Health Insurance	[]	Theft (burglary)	[]
Pension	[]	Agriculture/Livestock	[]
Life insurance	[]	Others (specify)	_____
Liability insurance	[]		

16. a) Does the type of insurance product sold by the bank influence your decision to buy insurance product from the bank? Yes [] No []

b) Explain your answer _____

17. What should the commercial banks do to the insurance products to influence more customers to purchase insurance products from the bank?
-
-
-
-

SECTION D: INFLUENCE OF CONSUMER ATTITUDE

18. a) How would you describe your attitude towards insurance products sold by the bank? Positive ☐ Neutral ☐ Negative ☐

b) Explain your answer _____

19. a) In your opinion, do you trust the banks and its employees to sell insurance products than the insurance companies? Yes ☐ No ☐

b) Explain your answer _____

20. a) Do the bank employees have the competencies to sell insurance products than the insurance companies? Yes ☐ No ☐

b) Explain your answer _____

21. In your opinion, what should the commercial banks do to convince more consumers and influence them to purchase insurance products from the bank? _____

