

To cite this article: Nguyen Bich Ngoc (2024). Bancassurance development – Sustainable developing trend in Vietnam. International Journal of Education, Business and Economics Research (IJEBER) 4 (3): 124-136

---

**BANCASSURANCE DEVELOPMENT – SUSTAINABLE DEVELOPING TREND IN VIETNAM**

**Nguyen Bich Ngoc**

Thuongmai University, 79 Ho Tung Mau Street,  
Cau Giay District, Hanoi, Vietnam

<https://doi.org/10.59822/IJEBER.2024.4308>

**ABSTRACT**

Bancassurance, the distribution of insurance products through banking channels, has been transforming the insurance industry in many developed countries worldwide. Despite facing numerous challenges, Vietnam is still considered a market with significant potential to develop the Bancassurance model. In recent years, in Vietnam, the revenue from non-interest income activities at many large and small banks has been increasing significantly, and the non-interest income of banks is expected to grow well, mainly coming from bancassurance. This is seen as a sustainable development trend for banks, insurance companies, and the economy in general, as banking operations, despite contributing a significant source of income, also come with many risks such as liquidity risk, ethical concerns, procedural issues, etc., while service business activities, forex, insurance, etc., are very promising and have the potential to bring more stability and sustainability. The article analyzes the development of Bancassurance services worldwide, evaluates the current situation of Bancassurance services in Vietnam, and derives implications for policy solutions to promote this service in Vietnam.

**KEYWORDS:** Bancassurance, banking, insurance, sustainable development, Vietnam.

---

© The Authors 2024  
Published Online: May 2024

Published by International Journal of Education, Business and Economics Research (IJEBER) (<https://ijeber.com/>) This article is published under the Creative Commons Attribution (CC BY 4.0) license. Anyone may reproduce, distribute, translate and create derivative works of this article (for both commercial and non-commercial purposes), subject to full attribution to the original publication and authors. The full terms of this license may be seen at: <http://creativecommons.org/licences/by/4.0/legalcode>

---

**1. INTRODUCTION**

The first use of the term bancassurance was in France, where cooperation between banks and insurance companies started earlier than in other European countries. Initially, the term was coined to denote the straightforward distribution of insurance products via bank branches. Presently, it encompasses a broader spectrum of interactions between the banking and insurance sectors. As the phenomenon has evolved, the definitions of bancassurance have become increasingly generalized, as evidenced by the following examples:

- Bancassurance is basically the provision of and selling of banking and insurance products by the same organisation under the same roof. (Elkington, 1993, p. 2)
- Bancassurance can be described as a strategy adopted by banks or insurance companies aiming to operate the financial market in a more or less integrated manner. (Swiss RE, 1992, p.4).

Bancassurance strategy aims to cross-sell insurance products to bank customers through various avenues, such as acting as a brokerage, forming strategic alliances or joint ventures with insurance partners, or assuming underwriting risks through captive companies. It is crucial to differentiate bancassurance from other concepts like *assur finance* and *all finance*. *Assurfinance* entails insurers offering financial or banking products, which is perceived to be a less successful approach compared to bancassurance, as customers are inclined to view banks as a comprehensive intermediary capable of fulfilling their diverse financial needs.

The term “all finance” denotes the bundling of different products to provide customers with integrated and personalized financial solutions. Institutions involved in all finance are generally referred to as financial conglomerates. It is difficult to find a single generally accepted definition of financial conglomerates in the economic literature: for example, in Vander Venet (2002, p.254) they are defined as “financial institutions that offer the entire range of financial services”. In general, from an economic perspective, a financial conglomerate is an institution operating in more than one of the following businesses: banking, securities and insurance. Recently, the concept has been fairly delimited by EU regulation: the Directive 87/2002/CE classifies a group as a financial conglomerate if engaged in both the banking and the insurance activities in a significant way (with reference to total assets or capital requirements), while the mix of commercial banking and underwriting securities is not identified as a conglomerate.<sup>1</sup> As a result, it is possible to affirm that regulators are more concerned about financial conglomeration when assuming the form of bancassurance.

The purpose of this paper is to examine the global evolution of Bancassurance services, assess the current state of Bancassurance services in Vietnam, and offer policy recommendations to promote Bancassurance in Vietnam.

## **2. Research objectives and methods**

### **2.1 Research objectives**

Overview of the theoretical basis of Bancassurance;

Analyze experiences in developing Bancassurance in some countries around the world, relating this situation in Vietnam;

Provide some policy implications to help develop Bancassurance in Vietnam.

### **2.2 Research methods**

In order to achieve the research goal, this article utilizes a desk research method. Specifically, this study seeks relevant sources such as journals, books, journal articles through the digital library Science Direct, Google Scholar, and university libraries, which provide authoritative and reliable academic sources. The search keywords include terms related to the research topic such as “bank,” “insurance,” “bancassurance,” “client,” “Vietnam,” and related or synonymous terms. The time frame for source searching is focused on the past 05 years to ensure the timeliness and relevance of the article's results to the research. In addition, Google's search tool has been used to search for online news, industry reports, and conferences related to the research topic. Although these types of

sources are not always reliable, this article has attempted to collect and synthesize data from various sources to improve the overall validity of the data. Therefore, the study only refers to sources published by carefully edited websites, media reports, and official websites of businesses.

### **3. Overview of Bancassurance**

#### **3.1 Bancassurance concept**

Bancassurance is a hybrid term combining "bank" and "insurance." It refers to the distribution of insurance products through bank structures and channels. Specifically, bancassurance allows banks to offer insurance products, such as life insurance, accident insurance, health insurance, and many others, to their customers through financial transactions and other banking services.

In the work "Banks and Insurance: The Expanding Role of Bancassurance" by Thierry Roncalli and Guillaume Weisang (2003), the authors argue that bancassurance has created a significant presence in the insurance and banking industries, changing the way they interact and work together. They also emphasize the importance of risk management and strategy in developing an effective bancassurance model. In addition, Shahzad Iqbal and Syed Karamatullah Hussainy (2014) provide a specific definition of bancassurance and describe it as a business model that combines banks and insurance companies, with the bank becoming a primary distribution channel for insurance products. The authors develop a conceptual framework to explain how bancassurance operates and interacts with other factors in the business environment. This framework includes key factors such as banks, insurance companies, customers, insurance products, and the business environment.

Funda H. Sezgin (2016) discusses the challenges of integrating banking and insurance operations in bancassurance. The author argues that managing the complexity of both industries requires professionalism and cooperation among all parties involved. According to Sezgin's perspective, bancassurance can help provide customers with comprehensive financial services, from finance to insurance, through a single access point.

Tsegaye Nigussie Tilahun and Xiaomei Zhang (2016) explain that bancassurance is the distribution of insurance through a bank network. At the same time, the two authors discuss how bancassurance can provide integrated financial services to customers through a single access point.

Below are some key characteristics of Bancassurance:

- Integrated financial services: Bancassurance creates integration between banking and insurance services on a single platform. Customers can purchase insurance products and manage their financial assets through the same organization.
- Expanded choices for customers: Bancassurance offers diversity in choosing insurance products for customers. Customers can choose from many types of insurance that are suitable for their needs and financial situation.
- Increased business opportunities: For banks, Bancassurance expands business opportunities by creating additional profit sources from distributing insurance products. This can help improve the overall profitability and business efficiency of the bank.
- Risk management: While Bancassurance offers profit opportunities, it also creates risks related to financial and insurance risk management. Banks need to carefully manage these risks to ensure sustainability.
- Distribution and customers: Bancassurance often aims to serve customers with an existing relationship with the bank, such as savings accounts or transaction accounts. This helps increase access and sales of insurance products to target customer groups.

Therefore, Bancassurance is a comprehensive business strategy that banks use to expand their services and increase business opportunities in the insurance field. It benefits both banks and customers through integrated financial services and a diverse range of insurance products.

### **3.2 Research on the bank-insurance partnership model**

The partnership model between insurance companies and commercial banks is a business model in which commercial banks collaborate with insurance companies to distribute insurance products through their banking networks. This model has developed strongly and become an important part of the financial industry.

In the work "Bank-Insurance Relationships: What Are the Determinants of the Distribution Channel?" by François Longin and Benoît Saint-Pierre (2001), the authors conducted a study on the determinants of the insurance product distribution model in the relationship between banks and insurance companies. The authors conducted a case study, a deep study of several banks and insurance companies to examine the decision-making process regarding the distribution model. They considered the business and strategy reasons of each organization to understand their decisions. Accordingly, the two authors identified some important determining factors in choosing the distribution model, including costs, risk management, control rights, customer relationships, and overall business strategy. At the same time, François Longin and Benoît Saint-Pierre also proposed some potential development directions for future research, including research on the impact of market and political factors on insurance distribution decisions and research on new distribution models.

For more recent studies, authors have focused on strategies, risks, and financial performance of banks involved in bancassurance activities as well as the impact of customer preference for bancassurance on insurance purchase decisions. Specifically, Aristei and Davide Galizzi (2017) conducted a comprehensive study on the bancassurance model, focusing on strategies, risks, and financial performance of banks involved in bancassurance activities. They looked at how banks integrated insurance products into their service portfolios and how they leveraged their existing customer networks to distribute insurance products. They proposed some potential development directions, including further research on strategy and risk management in bancassurance. In a study with Sabrina Aristei, author Davide Galizzi (2017) again addressed a bancassurance model focusing on the strategies, risks, and financial performance of banks participating in activities. The author studied and analyzed the strategies used by banks in bancassurance activities. They looked at how banks integrated insurance products into their service portfolios and how they leveraged their existing customer networks to distribute insurance products. The argument is that establishing the right bancassurance strategy is important for success in this model.

Below are some key partnership models between insurance companies and banks:

**Insurance product distribution model through the bank channel:** This is the most common model in bancassurance. Banks will distribute insurance products of insurance companies through teller counters for customers. Insurance products may include life insurance, financial support insurance, and various other types of insurance.

**Subsidiary or joint venture model:** In this case, commercial banks may establish a subsidiary or partner with an insurance company to develop and distribute insurance products. This subsidiary or partnership may specialize in insurance and manage insurance services for banks.

Group model: In this model, banks and insurance companies belong to the same parent group and serve the common customers of the entire group.

Integrated financial product model: This is a model in which banks and insurance companies cooperate to create integrated financial products such as life insurance combined with investment. This partnership model benefits both parties. The insurance company has an additional distribution channel through the bank network, while the commercial bank can expand its service portfolio to serve customers more comprehensively. However, there are also challenges in risk management, competition, and compliance with regulations that both parties must face when implementing this model.

### **3.3 Research on the Development of Bancassurance**

Gunawan Eko (2018) argues that bancassurance is becoming a global trend in the financial and insurance industry. This is driven by the increasing demand of customers for convenience and integrated financial and insurance services. The author examines the development of bancassurance in many countries worldwide and evaluates how this model has been applied in specific markets. Accordingly, bancassurance brings benefits to both banks and insurance companies. Banks can expand their revenue sources and enhance customer relationships through the distribution of insurance products. Insurance companies can expand their distribution network and access a large number of potential customers. However, the challenges that bancassurance faces are risk management and customer data control. Nevertheless, he also emphasizes that there are many opportunities for the potential development of this model, especially in the context of digital technology and changes in customer behavior. The author concludes that bancassurance is suitable for the trend of integrating financial and insurance services and is becoming an increasingly attractive option for customers and organizations in the financial industry.

Christophe Kamps and Bernd Schwaab (2019), in their study on the development of bancassurance in Europe, argue that this model is still evolving and adapting to meet the needs of customers and the changing business environment. In the future, bancassurance may take advantage of opportunities to interact more with customers and provide diverse financial and insurance products and services, but it also faces competition from fintech companies and digital technology, as well as the need to comply with increasingly stringent regulations and controls. In conclusion, the two authors argue that bancassurance is inherently integrated, meaning the combination of banking and insurance services, and is suitable for the increasingly complex needs of customers.

To conclude, Bancassurance is a diverse business model with potential to increase business opportunities for both banks and insurance companies, but it also poses challenges related to risk management and the integration of the operations of these two industries. The partnership model between insurance companies and commercial banks in bancassurance is an important part of the financial industry and requires attention to detail, risk management, and creativity to succeed. This is a global trend in the banking and insurance industry. This trend is driven by increasing customer demand for integrated banking and insurance services. Bancassurance has developed strongly in many countries around the world and has been successfully applied in each specific market.

### **3.4 Why is bancassurance an inevitable and sustainable trend?**

Looking at the global financial development history, it can be seen that banks and insurance are two very important and indispensable businesses in any market. Therefore, bancassurance is always a topic of interest worldwide.



In many countries, bancassurance has a growth rate 4 times higher than the general market growth rate, helping this model achieve brilliant successes. Bancassurance currently accounts for over 65% of life insurance premium revenue in Spain, 60% in France, 50% in Belgium, and Italy.

The global bancassurance market is valued at over \$2.4 trillion in 2022 and is expected to grow at 5.01% in the coming years, reaching over \$3.2 trillion in 2028 (according to the 2023 Global Bancassurance Industry Research Report, Competitive Landscape, Market Size, Regional Status, and Outlook published by MarketWatch).

In Vietnam, the total premium revenue through bancassurance channels currently accounts for about 20% of the total life insurance market premium revenue. In 2022, the retention rate for the second year of contract through the bank distribution channel varies among insurance companies, with some relatively low (about 60%), and some relatively high (about 75-80%).

If Bancassurance is implemented in the right spirit and executed correctly, it will benefit all parties involved, including customers, banks, and insurance companies. If not managed properly, it will make customers dissatisfied, banks lose reputation, and insurance companies bear losses due to inefficient operating costs, and face an unsustainable future. Looking at the figures of the global and Vietnamese bancassurance market, it can be seen that the trend of bancassurance development in the coming years is inevitable. To develop a healthy market and bring benefits to all parties, the issue of quality management in implementing insurance consultancy and enhancing customer experience in bancassurance becomes extremely important.

#### *Customer experience plays a decisive role*

It is believed that Bancassurance is a comprehensive financial solution that lasts for many years. Therefore, customer experience is very important for them to maintain trust with banks and insurance companies, and thus maintain long-term insurance contracts over the years. The benefits to customers when buying insurance through bancassurance are also quite clear. First, customers have access to comprehensive financial advisory services "under one roof", meaning insurance services along with other financial services of the bank such as savings, personal loans... Besides, customers buying insurance through banks also benefit from being "cared for" by both the insurance company and the bank. Depending on the agreement between the bank and the insurance company, each bancassurance cooperation will have different implementation forms. According to experts, a successful bancassurance model is the one with the highest renewal rate on the market. This is also the sustainable development direction that insurance companies and banks aim for when together shaping the picture of bancassurance in Vietnam in the coming years.

#### *Technology makes a difference*

One thing that is easy to notice is the role of technology in improving customer experience. Technology has helped this Bancassurance cooperation make great strides in online insurance services and bring a different "one-touch" experience. Besides completely online insurance products, the cooperation models between banks and insurance companies also deploy new features that allow customers to design their own insurance packages or schedule insurance advisory appointments through Digital Bancassurance applications. It can be said that customer experience is the decisive factor for the success of Bancassurance and in the current context, digital technology will open up growth opportunities for businesses that are truly serious about customer experience and are determined to build sustainable Bancassurance.

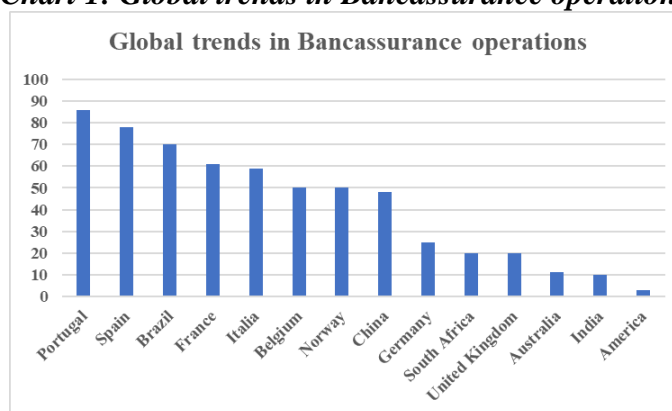
Thus, if the Bancassurance model is invested in the right direction and managed closely, it will be increasingly trusted by customers, digital banks or bank transaction points will soon become a one-stop financial center, providing all financial, investment, and protection solutions for clients.

#### 4. Global trends in Bancassurance operations

##### 4.1. Overview of Bancassurance Global trends

Bancassurance is increasingly establishing itself as an essential component within the global financial sector. Over the past few years, this phenomenon has witnessed substantial growth across numerous nations, notably in the regions of Europe and Asia. The prevalence of bancassurance operations can differ significantly across the globe, contingent on the economic, cultural, and legal landscapes of respective countries. Chart 1 illustrates the distribution of bancassurance business across various territories, encompassing Europe, the Middle East, Africa, Asia, and the Pacific regions, as of the year 2016.

**Chart 1: Global trends in Bancassurance operations**



Source: Reinsurance Group of America, Incorporated

Based on observations, European countries dominate the Bancassurance market. Among them, Portugal holds the record with the highest market share of 86%, while the United States has the lowest share at 3%. All European countries have recorded growth rates exceeding 50%. South Africa and the United Kingdom have this rate at 20%, Australia at 11%, and India at 10%.

Bancassurance has significant importance in most countries worldwide. The global market scale of Bancassurance reached approximately 1.166 trillion USD in 2018, 1.268 trillion USD in 2021, and is projected to reach 1.665 trillion USD by 2024, growing at a rate of 5.9% during the period of 2022 - 2027 (Bhakat et al., 2021). There is a notable difference in the Bancassurance business share between various regions worldwide; however, this is a favored and developing form of financial business in many markets.

##### 4.2 Bancassurance strategies at banks around the world

###### *Citigroup*

Citigroup (Citi) is one of the largest banking organizations in the world and plays a core role in expanding the Bancassurance market in the US. Citigroup participates in the Bancassurance field in the form of a bank that owns an insurance business and sells life insurance and non-life insurance products through its branch system in the US as well as its brokers. Citigroup's priority is to introduce Smit Barbey brokers to Citi branches in the US to promote sales of life insurance products and other investment products.

Citigroup signed an association agreement with Metlife and focuses on distributing long-term insurance products such as whole life insurance combined with customers' financial plans. Taking advantage of banking advantages, Citi's retail banks are the leading credit life insurance retailers in the US. Distributed products include term life insurance and whole life insurance products; Citi also distributes third party products including MetLife products under a 10-year agreement under the agreement. agreement to buy back Travelers Life between the two parties.

The simple term life product is a high revenue product through Citi's Bancassurance with about 30,000 insurance claims annually, the customers of this product are relatively young and in the lower middle class. Save, the insurance amount is usually around \$90,000 while their lifetime insurance amount is usually around \$1.5 million. The sales force mainly includes: counter staff, brokerage department and Bancassurance team. Counter staff at the branch system usually only sell regular term life insurance products, in contrast to Citi's Smit Barbey brokerage department and professional Bancassurance force that sell and support the distribution of whole life products. life and life and death period. Regarding profit distribution, Citi receives 20% of sales revenue, equivalent to an average of 95% of first year fees.

Like many other banks, Citi's Bancassurance strategy focuses on selling high-value insurance products such as whole life insurance related to financial plans rather than selling simple products.

#### *HSBC Bank Plc*

HSBC Bank plc (HSBC Bank), a wholly owned subsidiary of HSBC Holdings plc (HSBC). HSBC is one of the world's largest banking and financial services organizations, serving more than 47 million customers through four global business services: Retail Banking and Wealth Management, Commercial Banking, Global Banking and Markets and Global Private Banking. HSBC's network covers 71 countries and territories in Europe, Asia, the Middle East and Africa, North America and Latin America.

In response to market demand, in 2012, HSBC Bank signed a 10-year exclusive Bancassurance agreement with AIG Europe Limited (AIG Agreement) through which HSBC Group companies will distribute insurance products. AIG non-life to customers in Turkey, France, and other countries in Europe. The total exchange value of approximately 55 million USD in cash will be paid by AIG to HSBC according to the agreed AIG Agreement. HSBC Group companies become the exclusive supplier of non-life insurance products to customers in Türkiye and France.

HSBC Bank sells the French subsidiary of HSBC Assurances IARD (HAI) to AIG for approximately USD 14.5 million, adjusted based on net asset value as at 31 December 2012 and including a payment Deferred payments up to USD 1.2 million based on 2013 premiums.

In addition, HSBC has signed a 10-year Bancassurance agreement with Allianz SE (Allianz agreement) through which HSBC will distribute Allianz life insurance and pension products to customers in Turkey and other countries. Other country within continental Europe as agreed. The exchange value of the above agreement is 30 million USD in cash, which will be paid by Allianz Group to HSBC Bank A.Ş. Türkiye. Through this, HSBC will become the exclusive provider of Allianz's life insurance and pension products to customers in Türkiye. Within the scope of the agreement, AIG Group and Allianz Group will pay commissions on product revenue and make other payments to HSBC Group. HSBC's Bancassurance model has been successfully applied in France with 4 main distribution channels: (1) Financial consultants; (2) Bank staff; (3) Direct marketing/telemarketing; (4) Corporate marketing appropriate to each stage of the bank's development.



### *Maybank*

Maybank is the dominant financial institution in Malaysia operating in the banking, insurance and fund management sectors. Maybank has a third of the country's retail savings market share with more than 6 million customers and 420 offices in Malaysia. Maybank must face fierce competitive pressure from three major foreign banks in Malaysia: Citibank, HSBC and Standard Chartered. To cope with this competition, Maybank has made a major transformation in its branch system, culture and network to retain customers. Maybank is a pioneer bank in the field of Bancassurance in Malaysia and has achieved significant success in the insurance sector. Maybank's goal is to focus on increasing income in regions, especially non-banking income and non-interest income.

Regarding Maybank's Bancassurance strategy, in 2011 Maybank allied with Fortis and Belgodutch to establish a Bancassurance joint venture (This is also part of Fortis' plan to dominate the Asia Pacific market). Fortis has a 30% stake in the joint venture. In 2005, both partners combined to acquire 74% capital contribution in MNI Holdings and had a distribution system with thousands of agents belonging to general agents, companies and Government channels. The combination with Fortis in 2001 was the starting event in Maybank's retail revolution as well as its insurance banking association. In particular, Maybank's Bancassurance model is based on the original model of Fortis used in Belgium: Full and effective integration of insurance activities with the bank's retail business.

Maybank's Bancassurance targets both life and non-life insurance markets by promoting both sales and customer expansion. Key life insurance products focus on one-time fee products combined with investment elements. The bank's strategy is to move customers towards investment products and products similar to investment products (long-term retirement...). Maybank's bold Bancassurance strategy was successful as they reached second place in selling new life insurance policies in 2005, in the non-life insurance sector they achieved the highest profits in the market. The main issue in Maybank's Bancassurance development process is developing products and improving the capacity of sales agents.

## **5. Implications for Bancassurance development policies in Vietnam**

### **5.1 The current status of Bancassurance in Vietnam**

In Vietnam, for the life insurance sector, distribution through banks is considered the second professional distribution channel after the traditional agent channel. In addition to Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) - Cardif and Vietinbank - Aviva, which are two life insurance companies with bank capital, several other life insurance companies such as AIA, Prudential, Baoviet Life, Dai-ichi, Generali, and Hanwha have also started to distribute insurance through banks and achieved certain results. In the life insurance market, 15 out of 18 insurance companies have implemented Bancassurance. This helps businesses save costs in building their own networks, access customers of banks, quickly increase market share, revenue, etc.

Currently, Bancassurance has become the second distribution channel in terms of the contribution to new business income and the total premium income of insurance companies. Bancassurance is being promoted because many banks have reported impressive growth rates from pure insurance fee income. In particular, some banks have built digital insurance sales platforms, helping reduce time and increase the efficiency of insurance sales. At present, in Vietnam, there are 70 insurance businesses, including: 32 non-life insurance businesses; 18 life insurance companies; 02 reinsurance companies; 18 insurance brokerage companies. The average growth rate of insurance premium revenue in the period 2007 - 2020 is 18% per year, including: Non-life insurance increased by an average of 13% per year; life insurance increased by an average of 22% per year.

The proportion of Bancassurance revenue to the total insurance premium revenue of the entire market has increased significantly over the years, specifically: In 2014, it reached 2.7%; in 2015, it reached 4.27%; in 2016, it reached 5.94%; in 2017, it reached 7.58%; in 2018, it reached 11.93%. From 5% in 2016, the Bancassurance penetration rate was over 17% in 2019 and continued to increase nearly 30% in 2021.

According to the Insurance Supervisory Authority (Ministry of Finance), life insurance accounts for a large proportion of Vietnam's insurance industry, accounting for 73% of total insurance premium revenue in 2021. In terms of total life insurance premium revenue, Baoviet Insurance and Manulife rank first with 19% market share. This is followed by Prudential (18%), Dai-ichi Life (12%), and AIA with 10% market share. It can be seen that the Bancassurance activity is continuously developing and bringing certain benefits to insurance companies, banks, and insurance buyers. This has helped Bancassurance become one of the fastest-growing channels and is gradually becoming the main insurance distribution channel, creating a stable source of non-interest income for Vietnamese banks.

Figures published in the "Vietnam Financial Market 2021 and 2022 Prospects" report by Vietnam Investment and Development Joint Stock Bank (BIDV) and the Asian Development Bank (ADB) jointly show that Bancassurance activities have contributed billions of dong to the profit of many banks in 2021. In 2021, Techcombank and Vietcombank were the two banks that recorded profits of USD 1 billion, and they were also banks with nearly 90% increase in insurance service fee revenue, contributing significantly to the 2021 profit (Huyen Anh, 2022). In addition, some banks such as TPBank, ACB, VIB, VPBank, VietBank, HDBank, etc., also recorded significant increases in insurance service fee revenue in 2021. The profit from the Bancassurance segment is a driving force for banks to strengthen cooperation with life insurance companies. In 2021, although the activity of signing strategic cooperation contracts, exclusive distribution between insurance companies and banks was not as active as in the period 2019 - 2020, there were still many successful deals such as: The exclusive cooperation agreement for 15 years between MSB and Prudential Vietnam was signed on March 18, 2021, with the upfront fee that MSB could receive from the deal could be up to VND 3,500 billion; ACB signed a 15-year contract with Sun Life at the end of December 2021, and the official exploitation started from January 01, 2022, and is estimated to bring about USD 370 million (over VND 8,500 billion) to ACB; on December 29, 2021, Manulife Vietnam officially became the exclusive distributor of life insurance solutions for VietinBank's customers for 16 years. In 2022, the Bancassurance market began to be vibrant with the event of the Agricultural Bank of Vietnam (Agribank) and FWD Vietnam officially cooperating after a long time of research on January 12, 2022. In the initial deployment phase, FWD Vietnam will distribute insurance products through Agribank, the only bank present in 63 provinces, cities and 9/13 island districts with nearly 2,300 branches, transaction offices nationwide. Previously, FWD Vietnam also had the most outstanding deal in the Vietnamese Bancassurance market when cooperating with Vietcombank. After the deployment period, this cooperation activity has brought many positive values to customers and significantly contributed to the general development of the market.

A new name in the insurance market is Shinhan Life Vietnam, which also announced the signing of a strategic cooperation, the deployment of a bank-linked insurance business model with Shinhan Vietnam on May 24, 2022. Accordingly, Shinhan Vietnam will advise and introduce Shinhan Life Vietnam's life insurance products to Shinhan Vietnam's customers nationwide. The first product developed through this distribution channel is Shinhan - Credit, a protection product for customers when borrowing. On May 25, 2022, Hanwha Life Vietnam and Vietbank also signed a strategic cooperation agreement to distribute life insurance products in Vietnam. The cooperation between

Hanwha Life Vietnam and Vietbank is part of the long-term strategy of both companies, aiming to maximize the strengths of both sides, bringing superior financial services to customers.

With the positive growth momentum since the beginning of the year, the Bancassurance market is forecasted to grow more than 30% this year, and at some insurance companies with large banking partners, this channel can bring a higher growth rate of new premium income than the market's 30% growth rate (Hong Chi, 2022). Promoting digitalization and strengthening cooperation with banks helps insurance sales maintain a high growth rate. However, the life insurance market in the first four months of 2022 showed signs of slowing growth. The total insurance premium revenue of the entire market is estimated to reach VND 51,782 billion, an increase of 14.5% over the same period last year. New insurance premium revenue in the first 4 months of 2022 decreased by 8.2%, reaching VND 15,026 billion.

## **5.2 Policy implications**

### **5.2.1 Regarding government agencies and functional departments**

Firstly, to continue refining the legal framework for Bancassurance. In this regard, comprehensive and overarching management regulations are necessary for a financial conglomerate that converges two banking and insurance business domains; the Ministry of Finance should study the issuance of Circulars guiding the implementation of insurance agency activities of credit institutions for insurance companies in general, including non-life, life, and health insurance... In addition, consider supplementing regulations on insurance products distributed through the Bancassurance channel; consider supplementing regulations that credit institutions are not required/forced to require customers to borrow to buy insurance; not to bundle insurance fees into loans unless customers' consent... At the same time, supplement regulations on information security, especially customers' privacy data; regulations on the rights and obligations of bank employees in Bancassurance activities.

Secondly, the Insurance Association in collaboration with the Banking Association should strengthen propaganda and dissemination through various forms to insurance companies, credit institutions about the joint circulars, encourage insurance companies, banks to promote Bancassurance activities. At the same time, enhance the promotion and dissemination of the role, significance, necessity of insurance as well as insurance business laws so that by 2025, Vietnam achieves the goal of 15% of the population participating in life insurance (in 2021 only reached 11%) and the penetration rate of total life and non-life insurance premium revenue is expected to reach 3.5% of GDP by 2025 (in 2020 only reached 2.7% and in 2021 reached about 3.3%) according to the economic restructuring plan of the government for the period 2021 - 2025 has set out.

### **5.2.2 Regarding insurance companies and commercial banks**

Firstly, commercial banks and insurance companies need to collaborate more closely by maximizing their existing customer databases combined with external data collection, using modern techniques to analyze customer needs and find appropriate customers for Bancassurance; designing insurance products linked to the trend of personalized financial products and taking appropriate steps towards digitalization for Bancassurance activities, a new development trend.

Secondly, commercial banks and insurance companies must comply with the principles of insurance agency activities, regulations on commissions, agency management expenses, provision and security of information... Regularly report on the status of Bancassurance activities quarterly, annually. At the same time, commercial banks with insurance agency activities must strictly comply with the legal regulations on insurance business; enhance internal inspection and control of

insurance agency activities throughout the system. Strictly handle violations, such as requiring customers to purchase insurance when granting credit to customers.

Thirdly, banks need to develop a Bancassurance product distribution strategy based on market trend research and evaluation, customer classification to provide insurance services suitable for customer needs, strengths, and habits, creating favorable conditions for customers to access both banking products and insurance products.

Fourthly, currently, people and businesses in Vietnam do not have a habit of buying insurance at banks, and few people know about the Bancassurance distribution channel. This is a major obstacle for insurance companies when deploying Bancassurance in our country, so it requires insurance companies to focus on promoting and advertising their companies and products at banks and in the media.

Fifthly, enhancing the quality of banking staff in the insurance field. Insurance companies and banks need to organize training courses, training to ensure that bank employees have sufficient knowledge, experience, and skills necessary to sell the most suitable insurance products according to customer needs; at the same time, have measures to correct, promptly handle violations.

## REFERENCES

- [1] Bhakat, R. S., Goel, S., Kumar, R., Reddy, I. L., & Sreelatha, P. 2. (2021). *Is Bancassurance Alive? The Global Trends and Opportunities*
- [2] François Longin và Benoît Saint-Pierre (2001). *Bank-Insurance Relationships: What Are the Determinants of the Distribution Channel?*
- [3] Leepsa, N. M., & Singh, R. (2017). *Contribution of bancassurance on the performance of bank: a case study of acquisition of shares in max new york life insurance by axis bank.* Journal of Business and Financial Affairs, 6(283), 2167-0234
- [4] Thierry Roncalli và Guillaume Weisang (2003). *Banks and Insurance: The Expanding Role of Bancassurance*
- [5] Snezhana Dichevska, Vera Karadjova, Ljube Jolevski. (2018). *Advantages and disadvantages of cooperation between banks and insurance companies.* Conference Proceedings: 2nd International Scientific Conference ITEMMA 2018. Austria: University of Technology
- [6] Nguyen Anh Tuan (2020). *Bancassurance activities in the digital banking era.* Journal of Financial Markets and Monetary, No. 6/2020
- [7] Tran Huy Hoang (2008). *Applying the Bancassurance model to the insurance market in Vietnam.* Journal of Economic Development.
- [8] Nguyen Huu Khanh (2020). *Insurance development through banks in Vietnam.* Financial Magazine, May 1st, 2020.
- [9] Thu Huong (2019). *Bancassurance on the up in Vietnam.* Available at: <https://www.vir.com.vn/bancassurance-on-the-up-in-vietnam-71658.html>.
- [10] Trinh Ngoc Lan (2020). *Scientific seminar: "Management, development of Bancassurance in Vietnam: Situation and solutions".* Journal of Financial Markets and Monetary
- [11] Nguyen Thi Anh Ngoc (2022). *Bancassurance in Vietnam: Opportunities, challenges and development trends.* *Banking Journal.* Available at: <https://tapchinganhang.gov.vn/bancassurance-tai-viet-nam-co-hoi-thach-thuc-va-xu-huong-phan-trien.htm>

- [12] Tung Thu (2022). *Life insurance revenue growth could reach 15% in the next 5 years*. Available at <https://vneconomy.vn/tang-truong-doanh-thu-bao-hiem-nhan-tho-co-the-dat-15-trong-5-nam-toi.html>