

## Challenges and Opportunities in Creating Digital Insurance Business in Bangladesh

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### ABSTRACT

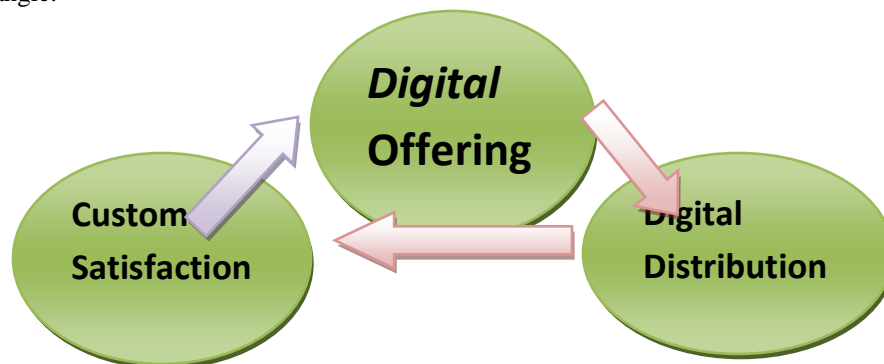
The application of the internet in the insurance business has increased as a result of the development of new technologies, and this introduction has modernized the insurance business. The company's outreach and quality of service have both improved as a result of automation. The aim of this study is to know the issues and constraints that insurance agents confront. A total of 60 insurance agents from both public and commercial insurance companies in Dhaka, Bangladesh, were surveyed. Agents require IT training and support from the employer, according to the author. The author's views are depicted as Conclusion, where the entire discussion concludes that the idea of digital insurance is slowly but steadily gaining acceptance among the current generation, and that reasonable efforts are being made by the Bangladesh government to increase this notion and adopt it in our normal day-to-day operations with insurance companies.

**Keywords:** *ICT*, Technological Innovations, Digital Bangladesh, Insurance Agent, Social Media.

### INTRODUCTION

Digitization has now connected the entire world. Globally, technology has ushered in a quiet revolution. Corporate use of technology has become essential in various areas of company activity. Banks and other financial organizations have already begun the digitalization process, but the insurance industry has lagged behind. Except for insurance, people have been getting a glimpse of the online experience in every part of the globe. When people begin to expect the same from the insurance sector, the industry is left with little choice but to integrate digitization. In the insurance industry, digitization has become a must. It improves the efficiency and agility of key operations and back-office tasks. New consumer demands for simplicity, self-service, transparency, and choice are driving the modern insurance sector (Ahmad and Saxena, 2021) (Hiendlmeier and Hertting, 2015).

The 4th industrial revolution is accompanied by digitization and digitalization. In the insurance business, digitization results in cheaper costs, decreased error rates, and higher client satisfaction. The role of online insurance sales is growing. Digitalization refers to the computerization of systems, jobs, and distribution in order to improve convenience and flexibility. It's a new market force that's causing a significant shift in customer expectations. It will necessitate a distinct set of talents, a different culture, and a different method of measuring (Acharya and Hebbar, 2016). Impact of digitalization in insurance business can be explained with the help of a following diagram of digitalization triangle:



### LITERATURE REVIEW

According to Odoyo advancements in technology have placed the instruments in the eyes of insurance providers and brokers to deliver new savings and improved services to clients. Documentation may now be processed and

communicated faster, inexpensively, and more readily and accurately than ever before because to digitization (Odoyo and Nyangosi, 2011). According to Insurance Barometer survey by the Life and Health Insurance Foundation and LIMRA If given the choice, 83% of clients use the Internet to study life insurance before buying a policy, while face-to-face meeting with an agent is the most preferable way for acquiring life insurance (Durham, 2015).

According to EY Global Insurance Digital Survey 2013, there's no question that tomorrow's top-performing insurers will have better technology infrastructure, new skills, enhanced measurements, upgraded systems, and re-oriented cultures. In order to get there tomorrow, insurers must act quickly now. Because in the digital age, simply keeping up or staying still means slipping further behind. (Insurance,2013). Ranjit Shankar in his blog in www.finextra.com had an opinion that the main characteristics of a successful digital strategy are improving customer experience & targeted management of customer relationships. Because of the increased market competition in the insurance business, the cost of earning customer share is increasing. As a result, customer retention becomes critical for businesses. This can be achieved by constant improvement in the delivery of a more digitally oriented client experience (Finextra, 2016).

Pahuja analysed data from a research on E-insurance perceptions and consciousness, which was acquired using a survey questionnaires returned by a convenience sample of respondents. One way ANOVA has been used to test the hypothesis. The author came to the conclusion that age and gender have no bearing on the adoption of E-insurance (Pahuja and Chitkara, 2016). According to Jagendra Kumar, who cited BCG industry data and analyses, 3 out of every 4 insurance purchase choices will be influenced by digital sales and marketing channels in the next two to three years. That's a staggering figure. It just highlights the power of electronic media and its increasing significance in India's insurance industry (Kumar, 2016).

**OBJECTIVES**

1. To understand the awareness of digital concept of insurance.
2. To know the uses of the technological innovations in insurance business

**METHODOLOGY**

The research is descriptive and exploratory in character, taking into account both primary and secondary data. Primary data includes a handy sample of 60 agents from both private and public insurance organizations in Dhaka, Bangladesh. A questionnaire was used to collect responses. Journals, reports, newspapers, and webpage are examples of secondary data. The questionnaire used a Likert 5 scale with items ranging from 1 to 5, with 1 being very high and 5 being very low. A statistical technique was used to analyses the data. The research was carried out in February and March of 2022.

**DATA ANALYSIS**

The questionnaire was divided into three pieces. Information about the demographic profile of insurance brokers was collected in the first section. The second portion looked at insurance agents' and clients' digital knowledge. In the third section, questions were posed to elicit data about the company's digital usage.

**Table 1: Demographic Profile**

<b>Gender</b>	<b>Number</b>	<b>%</b>
Male	34	57%
Female	26	43%
Total	60	100%
<b>Age</b>	<b>Number</b>	<b>%</b>
20-29	09	15%
30-39	18	30%
40-49	16	27%
50-60	12	20%
Above 60	05	08%
Total	60	100%
<b>Company</b>	<b>Number</b>	<b>%</b>
Private	35	58%

Public	25	42%
Total	60	100%

Source: Primary Data

Out of total respondents, 57 percent were male and 43 percent were female. Majority (n=43,72%) respondents were aged below 49 years. 58 percent respondents were from private sector and 42 percent were from public sector.

**Awareness of Digital Concept:** In the questionnaire mainly two questions were asked to know the digital awareness. First question was to know the customer’s satisfaction towards digital insurance. Second question is to know whether agent has got any new policy or client due to use of technology. Following table shows the response of agent to above questions.

**Table 2:** Awareness to Digital Concept

Customers satisfaction towards digital insurance	Number	%
Very High	07	12 %
High	18	30 %
Moderate	25	41 %
Low	07	12 %
Very Low	03	05 %
Total	60	100 %
New customer/policy due to usage digital media	Number	%
Very High	07	12 %
High	12	20 %
Moderate	25	42 %
Low	10	16 %
Very Low	06	10 %
Total	60	100 %

Source: Primary Data

As per insurance agents, clients satisfaction towards digital insurance is moderate to very high, majority of agents (n=50, 83%) ticked for the same. This shows that clients, who got highly client-centric digital experience in other financial sector, also expect the same from insurance company. Answer to the second question, whether they got any new policy or client due to usage of digital device (n=44, 74%) specified they got at least two new policy due to digital usage. Six agents who ticked for very low didn’t have even a single lead due to digital usage or they don’t use any technology to approach clients.

**Digital Usage By Company:** In third and last section, only one question was framed. The only one question was to know the usage of digital devices by company to approach insurance clients.

**Table 3:** Digital Usage by Company

Usage of Smart Phone, internet by company to approach customers	Number	%
Very High	04	06 %
High	09	15 %
Moderate	27	45 %
Low	13	22 %
Very Low	07	12 %
Total	60	100 %

Source: Primary Data

In response to the question, usage of digital devices by company to approach clients, majority (n=47, 78%) have ticked for moderate to very low. Only four agents ticked for very high. This shows that, after the issue of insurance policy companies will have less contact with the clients. Most of the agent, who ticked for moderate and high, are from private insurance companies. Agents of private insurance companies told that their company will send birthday wishes, offers etc. to customers through MMS, SMS and Email. This is the part of digital culture to connect potential client with the company, yet to start in public insurance company.

## **FINDINGS**

According to this report, insurance companies in Bangladesh have adopted digitization, with the private sector performing marginally better than the public sector. The bulk of the agents were also discovered to be youthful, with a great potential for quickly grasping the application and efficient use of new systems. Few senior agents are having trouble adjusting to the new technology. The majority of clients are interested in the digital innovations in the insurance industry. Some private companies have already established themselves as digitization pioneers, while others have yet to follow suit.

## **RECOMMENDATIONS**

1. Ensure proper training and certificate program to agents.
2. More support by insurance company to both agents as well as clients.
3. Companies should adopt more innovative technology like others financial institution.

## **CONCLUSIONS**

Today's technological innovations will be standard operating procedure tomorrow. Insurance companies are more engaged and have more opportunities because of digital connectedness. For survive in the competitive and growing market, insurance companies should cope-up with the changes taking place in the industry. Agents must be willing to adapt in order to ride the digital wave. Unprepared agents will face the risk of quitting the race in this age of drones. As the government of Bangladesh looking for "Digital Bangladesh", there is a big opportunities for digital transformation. Which insurance company fails to adopt with modern technology today then will be loser in future. At the same time government of Bangladesh should come forward and give support to the insurance industry for the digitalization.

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