AN ANALYSIS OF THE FINANCIAL LIFE INSURANCE STRATEGIES EMPLOYED BY SELECT TELANGANA COMMERCIAL BANKS

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Abstract:
Insurance marketing is the practise of promoting insurance products and services with the overarching goal of increasing both customer satisfaction and financial gain. Marketers in the insurance industry strive to find the sweet spot between cost-effectiveness and growth for their clients. Creating a balanced distribution of core and auxiliary services helps improve service quality. The insurance industry's take on marketing focuses on growing the sector for the greater good rather than just the benefit of individual companies. However, the notion of marketing in the current corporate world relies on establishing responsibility for marketing's total success. Although the idea of marketing as value co-creation has been widely hailed, it may take some time for this perspective to become commonplace in the life insurance industry. Therefore, it is sense to think about some of the more traditional methods of promoting services. However, there are still certain things to think about when marketing services; much as the four "Ps" have supported traditional marketing, the eight "Ps" support financial services marketing (Lovelock 2001). This study aims to provide light on how SBI Life Insurance will respond to different promotional approaches in a certain geographic region. The All India Rural Credit Survey Committee proposed forming a state-partnered and state-sponsored bank via the acquisition of the Imperial Bank of India and the merger of the formerly state-owned or state-associate banks in order to better serve the economy and the rural sector. The Reserve Bank of India (RBI) gave the State Bank of India and its Associate Banks special status by designating them as RBI agents for handling Central and State Government business and for establishing currency chests to facilitate the efficient management of cash in India.

Keywords: Insurance, Financial, Profitable, and Liquidity,

Introduction:
Since India's independence, the banking sector has witnessed dramatic transformation. Banking reforms based on the Narasimhan Committee's recommendations came to fruition in the wake of liberalisation. 1 Today, financial institutions are primarily motivated by financial gain, and the government has sent strong signals that they must perform or face severe consequences. 2 Banks have begun to understand that their success is directly tied to the quality of service they provide to their clients, and this has prompted many of them to invest more resources on customer relations. The changing functional orientation of banks has led to a rethinking of banking's original purpose. The shifting demands of the market are the primary factor in this transformation. Customers in modern Indian cities no longer have patience for lengthy bank transactions that take up to several hours of their time. The convenience of ATMs, telephone banking, and the Internet, as well as on-demand service delivery, has contributed to a shift in consumer mindset. With the advent of universal banking, financial institutions strive to be client oriented by delivering a full range of banking products and services at one convenient location. Private banks have emerged in a major manner, with a focus on technological and customer-focused challenges, as a result of economic changes throughout the globe and in India specifically. 3 It is the researcher's responsibility to shine a light on SBI's promotional efforts in this chapter. Banking and Financial

Services in India: Worries about losing money and default risks are top concerns for consumers of financial services. Following its nationalisation in 1969, Americans deposited more than $80 billion more into their banks. It's the reality that people don't generally have a lot of faith in financial institutions, which might make it tough for them to market risky goods. Taking this kind of initiative to enhance banking company is a really high-class affair. Current industrial shifts, a more competitive and effective regulatory landscape, and a complex financial system have all made this a challenging endeavour. The difficulty of using financial services is also a major concern. 4 The banking industry is now through a period of rapid innovation, with new and exciting products and services being introduced regularly. Customers should be aided in choosing the best possible choice via advertising materials. Effective marketing of banking services relies heavily on well-thought-out promotional methods. Customers' needs and wants have always been front and centre when it comes to advertising and promotion. Employees in service industries should always put the consumer first. 5 The banking industry has a responsibility to highlight the places where services may be enhanced and shed light on the steps that can be taken to do so. The financial services business greatly benefits from promotional bundles. Banks should, therefore, have a far broader emphasis on customer and market demands, and the marketing tactics that stem from them. To successfully recognise customer requirements and provide useful services via product innovation, businesses must successfully meet the obstacles posed by an ever-evolving environment. Traditional dimensions centred on result and process aspects are being supplanted by the temporal and spatial dimensions in banking. For banks to be successful, it is essential that they implement marketing strategies and have a well-organized marketing department. 6 The promotional methods developed for a certain set of services should be tailored to those services. Instead of using a rational, arguing tack, advertisements could try telling a story about the customer's experience with the service. The narrative technique relies on the telling of a tale by laying out the events that happened in order. The most valuable aspects of a bank are its location's convenience, the quickness with which customers' needs are met, the employees' competency, and their friendliness. According to the results, the majority of customers bank at a location that is convenient for their place of residence and place of employment. The location of a branch was determined to be the most significant factor in customers choosing to patronise it.

The new banks were able to save expenses by employing fewer people and provide more convenient services since they were able to begin with cutting-edge technology. However, traditional banks had lagged in technological advancement and were now confronting unprecedented levels of competition. To keep up with the retail industry, SBI introduced a number of new products and services. New features include the ability to pay bills online or over the phone, use an ATM whenever you choose, transfer funds across branches or even cities, and more. For its clients' mutual Page 123 fund needs, the bank has even established their own asset management firms. 8 SBI's following promotional initiatives are examples of this.

Review of Literature:

Among the financial sector, life insurance equities have performed rather well. Over the last six months, shareholders of each of the aforementioned insurance businesses have reaped significant returns, with each company outperforming the Nifty Financial Services index.

State Bank of India's (SBI) decision to sell off a portion of its insurance division came at a perfect time.

About 2.7 times as many institutional investors purchased shares as were made available to them. With the money, SBI will be able to expand. However, the main reason for the sale is to be in compliance with the requirement of maintaining a minimum public ownership of 25%. Can we expect a return on investment from SBI Life Insurance Co. The insurance provider makes many compelling arguments. As per Dr. Naveen Prasadula when compared to its rivals, SBI Life Insurance Co.'s expansion has been rather outstanding. The insurance company announced a quarterly net profit of 372 crore and a year-over-year increase in premium equivalents of 41% for the quarter ending in June. Protection items, which have higher margins, have accounted for much of the uptick in sales. Only HDFC Life Insurance Co. Ltd had lower new business premium growth than the insurer did in August, when it recorded growth of 26%. The large network of its parent company's branches is, however, SBI Life Insurance Co.'s greatest asset when it comes to expanding the company's reach and increasing sales. However, the insurance company has partnered with other financial institutions as well to provide its products. Yet values also play a role in determining whether or not to make an investment. SBI Life Insurance Co. shares has risen 33% so far this year, but the company still trades at a very low times FY20 embedded value forecasted at 3.3x. According to analysts at Jefferies India Pvt. Ltd., the insurer's embedded value would grow by 16% in FY20, hitting 26,000 crore.HDFC Life Insurance Co., on the other hand, trades at more than 4.5 times its projected inherent value. The stakes include both expansion and value. The parties involved in an insurance transaction are the insurer and the policyholder (insured). The insurance company makes a financial guarantee to the policyholder in exchange for regular payments (the premium) should the insured experience a covered loss.

In jargon-free phrase Insurance is a means through which a person may shift the financial burden of a potentially disastrous event from themselves. It is impossible to predict what will happen in the future, which is why insurance is essential. If everyone could see what the future held, there would be no need for insurance. Insurance is there to fill the financial void left by unanticipated catastrophes like an accident or death. Two main categories may be found in the world of insurance: Insurance Against Death: Human life is the focus of life insurance policies. They cover the possibility of dying young or surviving to a ripe old age, depending on the sort of policy purchased. The risk of financial ruin is mitigated by insurance firms under standard plans such as term insurance. In the event of the insured's untimely death, the policy's beneficiary or nominee will receive a lump sum payment. Insurable assets include everything that generates income (like a rental home) or facilitates movement (like an automobile). The owner stands to lose the asset's revenue or the asset's convenience if it is destroyed by any of these hazards. Consumers invest in this company's goods to safeguard their property from calamities like fire and theft.

Goals of Research

Principal aims of the research include:

1. As a result, this research is to ascertain policyholders' familiarity with certain financial products and to analyse their buying habits.
2. The goal of this analysis is to determine the efficacy of the sbi's marketing efforts.

3. Determine how the SBI's performance indicators relate to the marketing mix tactics, resources, activities, and programmes it employs.

Techniques of Research

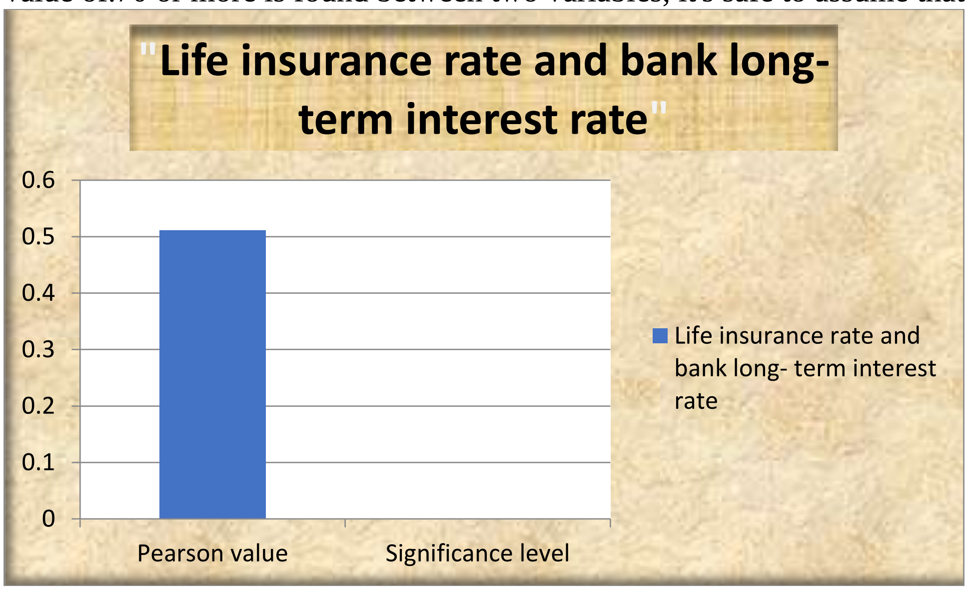
Current research is descriptive and analytical in methodology.

Using a pre-structured interview schedule, primary data were gathered from a sample of policyholders and life insurance brokers in Telangana.

Data Analysis:

Table 1 shows the linear correlation between the cost of life insurance and the rate of interest charged by banks.

Table 1 shows that there is a significant relationship between the standardised coefficient of regression for the variable of interest and the changes in bank interest rates, with a value of 0.410. So, the alternative hypothesis would be supported, and H0 would be disproved. When a Pearson value of.70 or more is found between two variables, it's safe to assume that they are positively related.



Hypothesis 2: There is strong evidence that life insurance premiums and the short-term interest rate offered by financial institutions are linked.

Rate of return on life insurance policies and the rate of short-term interest paid by banks are shown in Table 2 below.

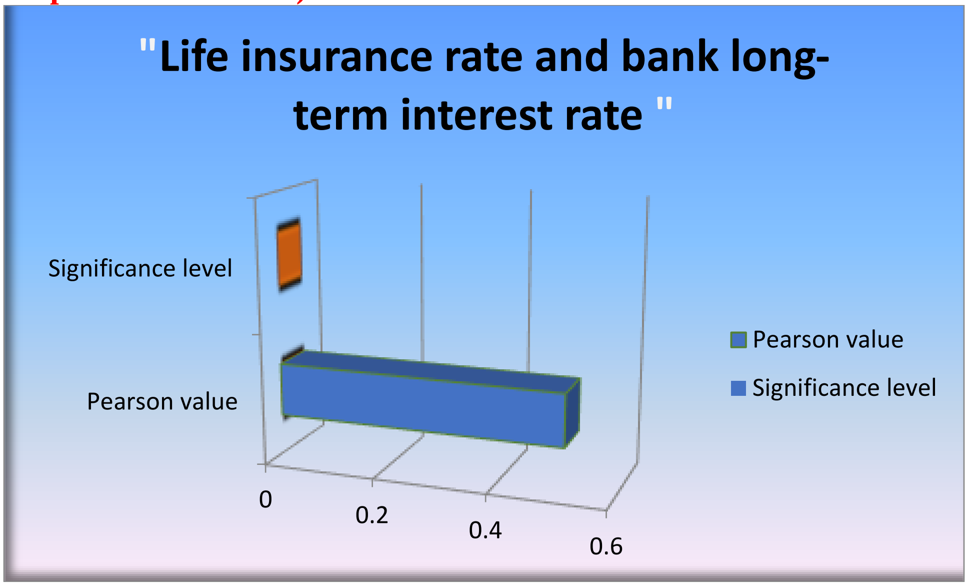


Table 2 displays the results of a regression analysis between the variable of life insurance and the short-term interest rate of banks. In other words, the null hypothesis (H0) is not supported, but the alternative hypothesis (H1) is. When a Pearson value of.70 or more is found between two variables, it's safe to assume that they are positively related.

Insurers and banks' benchmark interest rates for the medium term are significantly linked, as stated in H3.

Table 3 displays the linear correlation between life insurance and banks' average annual percentage yield.

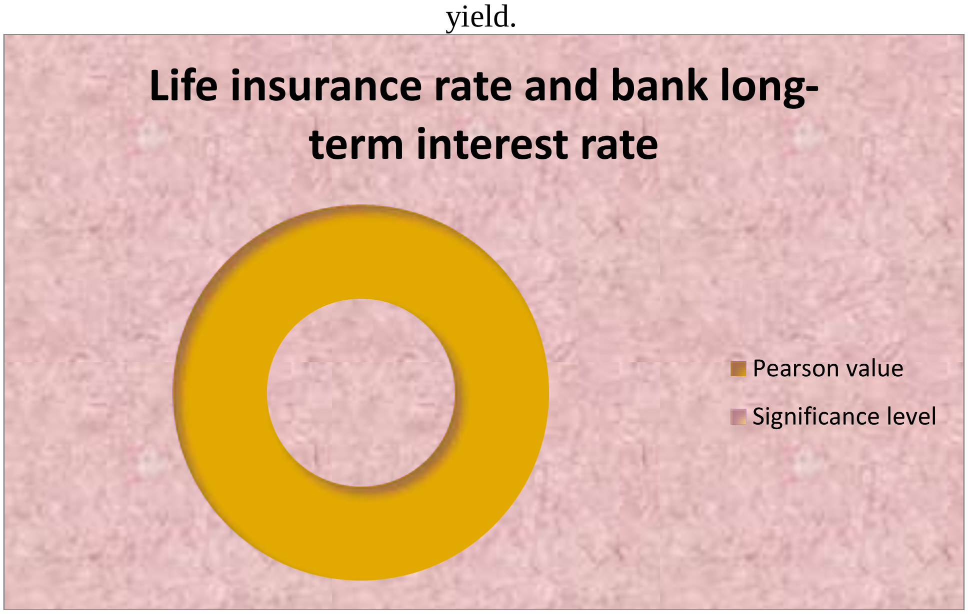
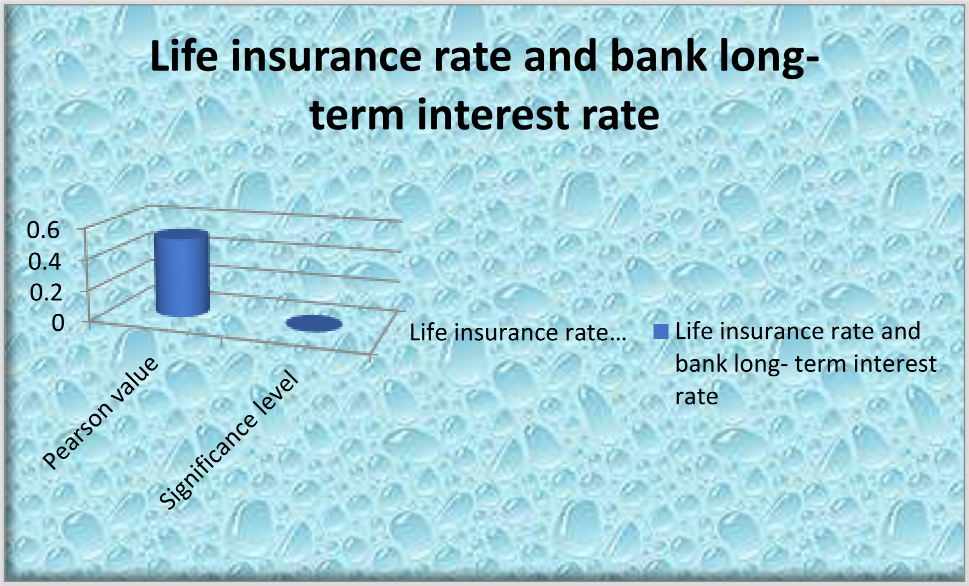


Table 3 shows that the regression coefficient between the variable used to calculate life insurance premiums and the average annual percentage yield of banks is 0.508 (P 0.01). To rephrase, the null hypothesis (H0) would be disproved, while the alternative hypothesis (H1) would be supported. When a Pearson value of.70 or more is found between two variables, it's safe to assume that they are positively related.

Hypothesis 4: The long-term interest rate offered by financial institutions is strongly correlated with the cost of life insurance.

According to regression, the long-term interest rate at banks is linearly related to the cost of life insurance (see Table 4).



The long-term interest rate of banks and life insurance have a 0.511 (P 0.01) standardised regression coefficient. The evidence for this conclusion is shown in Table 4. There is a very substantial link between the two factors (99% confidence level). As a result, we find that H1 is more likely than H0, the alternative hypothesis. When a Pearson value of.70 or more is found between two variables, it's safe to assume that they are positively related.

Local PCB manufacturers in India seldom introduce completely new goods, preferring instead to adapt existing products to market needs. They accomplish this by looking at the loan rate, deposit rate, etc., as well as other factors such as the Central Bank's information and rules and customer interviews. One of the key ways they stand apart from the competition is via their pricing philosophy, which centres on offering a cheaper interest rate on loans than their rivals. Product and market maturity, consumer interest, and regional focus are three further differentiating factors.

Conclusion:

Research and analysis suggest that life insurance companies use reactive pricing tactics. That is to say, insurance company management make pricing decisions based on an analysis of the market's reaction to proposed price increases or decreases. This allows insurance firms to set rates based on accurate forecasts of future market trends and activity hazards. Proactive strategy is the term used when discussing this tactic in the context of larger strategic concerns. Life insurance marketing in today's highly competitive industry requires targeted and tailored approaches. Due to the unique qualities of services, the tactics relating to the marketing mix components need to be fine-tuned to suit market needs that place a premium on high-quality service. There hasn't been any all-inclusive survey of how people in the study region feel about the SBI's programmes and policies. The current research is a descriptive and analytical overview of the prospective industry. The return component of life insurance is the main point of contention among policyholders. It's because they incorrectly believe that the returns on life insurance products and services are on par with the short-term profits that can be made by investing in other financial assets. Customers' ignorance of the nuanced nature of life insurance's return on investment only serves to complicate matters. To clear up the confusion about life insurance products and services, seminars, conferences, and the distribution of educational materials like booklets, pamphlets, etc. have to be organised. Newspapers are utilised as the primary advertising medium by all banks to inform customers of special promotions and updates about already available banking products and services. According to the results of the poll, television ads are now a common form of bank marketing and communication. Advertisements on billboards, pamphlets, and other forms of outdoor media are employed by banks to a moderate degree.

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