

**FINANCIAL DETERMINANTS OF THE ADOPTION OF BANCASSURANCE BY
COMMERCIAL BANKS IN KENYA: CASE STUDY OF TEIR ONE COMMERCIAL
BANKS IN NAIROBI CENTRAL BUSINESS DISTRICT**

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DECLARATION

This thesis is my original work and has not been submitted for examination in any other University

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DEDICATION

My sincere dedications goes to my dearest parents and siblings for their love, support, encouragement, loss of quality family time, and understanding during the preparation of my study.

You inspire me every day and may God bless you abundantly.

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ABSTRACT

The study's goal is to look at the financial factors that influence commercial banks' adoption of bancassurance in Kenya. The eight level one banks in Nairobi's Central Business District are the subject of this exploration. Coming up next are the review's specific objectives: To decide how benefit, credit hazard, item expansion, and the expense of protection contracts impact business banks' utilization of bancassurance in Kenya. Monetary Intermediation Theory, Modern Portfolio Theory, and Diffusion of Innovation Theory are totally utilized in this investigation. A connecting with outline research approach was utilized in this review. In Nairobi's Central Commercial District, there are 77 Business Development Officers and 64 Operations Officers in the bancassurance area from 8 Tier 1 business banks. The statistics strategy was utilized in this review, with each of the 141 respondents getting a survey. Both essential and optional information were utilized in this examination. Primary data was gathered using surveys, while secondary data was gathered from published papers, films, and newsletters from organizations, all of which were available in both printed and electronic formats. SPSS version 25.0 was used to conduct the data analysis. The study discovered that the biggest factor of commercial banks' adoption of bancassurance in Kenya is bank credit risk. At the point when the R esteem is 0.803, the connection between the reliant and autonomous factors is measurably huge. The R squared score of 0.6404 additionally shows that the elements being scrutinized represent 64% of the reliant variable. As indicated by the R-squared worth of 0.6448, free factors represented 64.48 percent of the general variety in bancassurance reception (subordinate variable). A portion of the significant reasons of bancassurance reception, as indicated by the examination, incorporate bank benefit, bank credit hazard, bank item variety, and protection contract cost. The report suggests that banks increase their use of bancassurance by reinvesting revenues in financial innovation. Customers will benefit from a reasonably cost revolutionary bancassuarance product as a result of this. This will not only increase the bank's revenue, but it will also increase client loyalty. Commercial banks ought to have the option to arrange ideal protection contract valuing because of the scope of protection specialist co-ops open in Kenya. Since the cost of the protection contract is given to the client, the bank should search for lower protection rates.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Banc assurance is a business model in which a bank engages into a contract with an insurance company to promote their goods and services in exchange for a fee depending on the contract's terms (Shah &Salim, 2016). The bank may focus on both existing clients and potential new consumers. Bancassurance has aided commercial banks in expanding the products and services they offer to their customers, improving customer satisfaction and retaining the majority of their customers (Elpash, 2015). As per Barua (2015), Banc-affirmation is a solitary coordinated association where an insurance agency sells protection items through a bank's business channel. It is an association between a bank and a protection business where the insurance agency offers its items to the bank's client base. Rather than an insurance salesperson, bank employees and tellers become the customer's point of sale and contact.

The term "bancassurance" was first coined in the United Kingdom in 1965 by Barclays Life, a Barclays subsidiary that was eventually discontinued after little success. Later on, it was resurrected in Spain and France. As demonstrated by Berang'ere et al. (2005), during the 1970s, the ACM (Assurances du Credit Mutuel) revived the possibility of Bancassurance by offering it to restrict the speculation of agents ahead of time security insurance in France. Afterward, during the 1980s, Spain stuck to this same pattern, when the Banco De Bilbao Group purchased a controlling interest in Euroseguros SA (initially la vasca aseguradora SA). Because banks were not allowed to offer insurance at the time, their influence was strictly financial. In 1991, this impediment was eventually removed. Belgium was the next to follow in 1989. This technique took significantly longer to catch on in Europe and Asia, with the first evidence appearing in Korea in 2003. (Focus,

2005). As indicated by Chen et al. (2009), arising countries like Asia took fundamentally more because of the shortfall of administrative systems and standards in the monetary business. Bancassurance has become broadly acknowledged all through the world from that point forward, as indicated by with banks building up auxiliaries or entering joint dares to empower this help.

The insurance firm provides item data, showcasing drives, and deals preparing to bank workers (Barua, 2015). The commission is parted between the bank and the insurance agency. The protection firm is responsible for handling and overseeing protection strategies. At the point when a bank needs life coverage for individuals getting a home loan advance, for instance, the shopper may obtain the protection directly from the bank (Barua, 2015). Bancassurance's strategy of diversifying its company and pushing into new industries has a beneficial influence on its profitability. Customer sovereignty is expanded by giving a scope of monetary administrations to a similar client base. This might impact the bank's drawn out profit. A business bank holds onto the opportunity to extend in importance by turning into a one-stop monetary arrangement; also, bancassurance offers extra cash to the bank as charge pay (Jongenee, 2016).

Bancassurance started in France during the 1980s and has since stretched out across Continental Europe, where it has 33% of the general portion of the overall industry. It has additionally ventured into Asia, especially India (Kumar, 2015). Bancassurance has demonstrated to be a fruitful plan of action in Europe, representing 35% of expense pay in the European extra security industry. In Spain, it represents more than 65% of life coverage premium income, 60% in France, half in Belgium, and 50 percent in Italy (Nurullah, 2016). Countless Europe's bancassurance markets, similar to those in France, Italy, and Spain, have created. While falling financing costs and cuts in friendly use are relied upon to animate interest for private protection that might be covered by

bancassurance adventures, development in these business sectors is relied upon to be humble (Cummins et al., 2016).

Most Latin American nations have a reasonably high penetration of bancassurance, with countries like Brazil and Mexico benefiting from a favorable legislative environment and the presence of big international firms that have effectively grabbed substantial client bases by collaborating with banks. Bancassurance, on the other hand, is growing popularity in Asia, quite in China, where rules have been free (Bhat & Dixit, 2015). Bancassurance is quickly getting balance in Africa, as the two banks and back up plans comprehend the need of cooperation in an undeniably aggressive market. Solid financial development, quick banking and protection area extension, and a more ideal administrative climate have all prompted a decent visualization for bancassurance (Finaccord, 2017).

Administrative experts in the district have started to perceive the possible worth of bancassurance for the further turn of events and broadening of the monetary administrations industry, as per Finaccord (2017). Subsequently, banks are now a developing conveyance channel for selling protection and are relied upon to fill in significance later on. Kenya's insurance market is worth more than \$2 billion, yet just a small amount of that is acknowledged, inferable from an absence of mindfulness, just as other social and mechanical elements. While bancassurance might have seemed to remove business from ordinary delegates right away, it has broadened the market and given sufficient business to tough go-betweens over the long haul (Ombonya, 2016).

In Kenya, insurance uptake has decreased somewhat, owing to a lack of understanding of the products, according to the insurance regulator. Kenya has a 3.4 percent insurance penetration rate, which places it fourth in Africa behind Mauritius (6%), Namibia (7.2%), and South Africa (7.2%). Kenya, then again, represents 70% of all protection items bought in East Africa. In Kenya,

protection is generally acquired through specialists, intermediaries, or straightforwardly through protection firms, with specialists representing 46.3 percent of the market (Association of Kenyan Insurers [AKI], 2018).

In January 2015, the Kenyan Parliament enacted changes to the Financial Institutions Act 2015, clearing the door for Islamic banking and bancassurance, office banking, and hostile to tax evasion measures. Banks, then again, have constructed counters inside their corridors where they strategically pitch protection merchandise with other financial items to customers who are without such important arrangements or who are ready to set up their own protection plans to benefit from their huge client base.

The emergence of bank assurance has necessitated staff training in the banking sector, as selling insurance products requires a high level of proactive marketing and technical skill (Insurance Regulatory Authority[IRA], 2021). The Insurance Regulatory Authority regulates bancassurance in Kenya (IRA). As per Kirui (2015), the Kenyan Banking Act doesn't explicitly approve banks to sell protection administrations and items. It makes no notice of any collaborations or developments that would put Bancassurance inside its locale. It gave rules for Bancassurance in Kenya in a round dated 03/2021. It oversees angles like the foundation of a protection organization, the items to be presented through Bancassurance, rules for the arrangement between the protection office and the safety net provider, yearly reports, inspected reports, prompting and compellation, and preclusion (IRA, 2021).

1.1.1. Adoption of Banc-assurance by Banks

Banc-assurance is a French term that refers to banks providing insurance through their own distribution channels. The term is derived from the words "banque or bank" and "assurance," suggesting that the same corporate organization performs both banking and insurance services.

(Florida,2002) Banc-assurance refers to any level of partnership between banks and life insurance companies in selling their products to their target customers. The expansion of the traditional financial industry through the use of new distribution channels to push a financial product onto clients is known as bancassurance. As indicated by Munich Re (2001), banc-affirmation is the arrangement of protection and banking items and administrations through a solitary dispersion channel or potentially to a similar customer base.

Naturally, since the financial industry has failed to maintain any meaningful growth, businesses have looked into other distribution methods as well as produced new, or packaged, financial products, leading to the development of Banc-assurance, a unique financial product. To make the bank a one-stop monetary shop, banks have fused protection to their contributions. Spain and France were the principal nations to enter the region, as per Focus (2005). It was their notion to cut out the middlemen when it came to loan protection insurance and cover their own banking clients. As a result, they became the forerunners of what would become Banc-assurance 15 years later.

At the point when the Banco De Bilbao Group purchased a controlling revenue in Euroseguros SA in the mid-1980s, Spanish banks started to embrace banc-affirmation (initially La Vasca Aseguradora SA, consolidated in 1968). 33% of the market is constrained by the best five Spanish bancassurance firms. Alpha Life was established in 1989 by AG, Belgium's biggest protection firm, and Générale de Banque. After a year, AMEV N.V., an enormous Dutch protection firm, and VSB, a Dutch bank, shaped an organization. Around the same time, AG Group went along with them in the main cross-line consolidation, shaping the Fortis Group. Germany and Italy took far

longer to get busy with Europe, as did Asia, where bancassurance just really started to draw in set up Korean banks after government authorization 2003 (Fiordelisi & Ricci, 2009).

In 2004, Fortis secured a contract for life and non-life insurance in Thailand with Muang Thai Group, acquiring a 25% interest in Muang Thai Life Insurance in the process. Fortis already had relationships in Malaysia and China, and was looking to expand the bancassurance strategy to Asia (Florida, 2002). Exporting the bancassurance idea, on the other hand, is a difficult task. Establishing a business in a market that is already quite mature and extremely competitive necessitates a strong competitive edge. Apart from this challenge, potential exporters would need to be extremely flexible in order to meet local legal requirements and customer preferences (Capgemini, 2006).

1.1.2. Financial Determinants of Banc-assurance Adoption

Banks have a challenge in reviving their decreasing earnings, which have been stagnant for several years due to the financial crisis, large credit losses, and new rules that are too restrictive (Karunagaran, 2006). Despite a troublesome climate, the customary income boosting measures that have worked for banks before, like rising expenses and raising charges, can't offer supported development and benefit. Net interest margins have been steadily declining across the banking sector, in every asset category. Despite the fact that net interest margins remain the single largest source of revenue for banks, this dramatic decline has slashed a significant portion of their revenue. The other major source of banking revenue, non-interest income, has also slowed. As margins have shrunk, banks have been more reliant on non-interest income to augment their earnings, but this, too, has reached a ceiling. Bancassurance has been adopted by banks as a means of generating new revenue streams in their search for new revenue streams (Nazeer, 2006).

In the face of increased competition, dwindling revenues, and a dynamic business environment, banks have sought to diversify their product portfolio in order to decrease the danger of depending on just one or a couple of pay sources, stay away from repeating or occasional changes by delivering labor and products with various interest cycles, accomplish a higher development rate, and counter a contender by enhancing through innovative work. Banks and protection organizations have viewed bancassurance to be a connecting with and consistently advantageous extension to their present exercises (El pash, 2012). Banks can broaden a portion of their net loan fee edge hazard without compromising benefit by entering protection and developing non-premium income (expense pay). Collaborations from scope economies, effectiveness benefits, and benefit improving strategically pitching openings are a portion of the expected advantages of enhancement. Diversification may also help financial services businesses reduce their bankruptcy risk by reducing the correlation of earnings.

Bancassurance arose from the idea that combining banking and insurance goods may benefit customers by providing more comprehensive solutions than traditional banking and insurance products (Benoist, 2002). According to Donne (2003), the union of banks and insurers has the effect of broadening the scope of both parties' economies, counting the capacity to take advantage of banks' broad client base; decreased dependence on conventional protection specialists by using the different channels possessed by banks; imparted administrations to banks; all the more effectively growing new monetary items.

Most Kenyan commercial banks, such as Equity Bank, National Bank, and Family Bank, have embraced bancassurance. These banks have expanded their range of services to include insurance, making them a one-stop monetary shop. Protection is a conspicuous expansion for banks to

improve incomes and benefit. In view of their personal contact with customers, bank workers will make some simpler memories introducing protection as a feature of their monetary arranging and resource the board methodology. The minor expense of having bank representatives market protection items may be essentially lower than the cost of having specialists search for new purchasers. In addition, banks can receive commission on insurance sales, which can give a large return for a very little amount of extra labor.

In Kenya, banc-assurance is a subset of the banking sector; most Kenyan banks have embraced the banc-assurance model by establishing subsidiaries or departments to accelerate the adoption of this technology. Banks, then again, have fabricated counters inside their lobbies where they strategically pitch protection merchandise with other monetary things to clients who are without such fundamental courses of action or who are prepared to set up their own assurance intends to profit from their gigantic customer base. Bancassurance in Kenya is controlled in part by the Central Bank's Prudential Guideline on Banking, which went into effect on May 1, 2010, and in part by the Insurance Act.

1.1.3. Relationship between Determinants of Adoption and Banc-assurance

According to Genetay and Molyneux (1998), the emergence of bancassurance was driven by the need to increase scope economies resulting from gains in risk management, administration, and integrated product development; marketing efficiencies in the shared supply of multiple services; and improved information access and sharing across goods Consumer scope economies may arise from lower search, information, monitoring, and transaction costs; the capacity to negotiate better deals owing to more leverage; and lower product price in a more competitive market.

According to Munich (2001), increased rivalry between banks has resulted in an increase in administrative and marketing costs, as well as a reduction in the profit margins of traditional banking products, against a backdrop of falling interest margins. These variables include critical components of change in the banking industry's competitive environment. In reality, as the economy has changed, bank net interest margins have shrunk, forcing banks to rely more on noninterest income as a source of revenue. Bancassurance revenue provides a sustainable non-interest source of income for banks (Carow, 2001). Banks have started to see Bancassurance as a means of diversifying their revenue streams. The lender can enhance their earnings by selling the insurance product through their own channel (Fiordelisi & Ricci, 2009).

Banks obtain economies of scale in the offering of insurance products, according to Capita (2006). For starters, they have a lot more data on individual customers, which is crucial for efficiently pricing risk. Second, banks, particularly those with a vast network, may be able to realize significant economies of scale. Benoist (2002) asserted that insurance products may provide immediate benefit to a retail bank's customer service operation, and the bank's sales force can successfully promote them; Analyzing accessible data about a client's financial and social condition may be extremely useful in identifying consumer requirements and advertising or producing new products or services. The recognition that combined bank and insurance products can benefit customers by providing more comprehensive solutions than typical standalone banking and insurance products; Long-term relationships with clients are common among banks because they allow comparable talents to be exercised and the bancassurer to take use of the finest that each partner has to offer (Focus, 2005).

1.2 Statement of the Problem

By providing non-interest related revenue, insurance products supplied through a bank's distribution channel provide global diversification benefits. Insurers and banks are both financial intermediaries that pool and transmit individual deposits into capital markets (Alavudeen & Rosa 2016). Since the regulator first created provisions for bancassurance in 2004, banks have partnered with insurers to provide insurance products. Insurance firms offer goods at bank branches using their own personnel; banks sell insurance utilizing their own representatives, typically from a committed workspace inside the branch; and banks get together with vendors to sell assurance and stay aware of existing concurrences on an advantage sharing reason (Mbugua, 2017).

While the channel is still in its infancy, the potential benefits for financial institutions looking to expand their non-funded income streams and insurance firms looking to expand their client base indicate that bancassurance will play a significant part in the business' future development (Ombonya, 2018). The mix of low protection entrance and high bank infiltration gives substantial development opportunities for bancassurance enterprises, allowing them to easily distribute insurance products to broad client categories not served by traditional distribution channels. Banks can broaden a portion of their net loan fee edge hazard without compromising benefit by entering protection and developing non-premium income (Mwaniki, 2017).

Financial institutions have long struggled with declining interest margins as a result of greater competition, financial sector liberalization, globalization, and technological advancements. The bank's main source of revenue is interest income. This income is generated by the bank's borrowing and lending rate differentials. Nonetheless, because of the impressive expansion in the expense of acquiring cash and expanding seriousness in loaning to produce helpful premium pay, current economic situations have made pay creation from premium pay more troublesome (Kumar, 2006).

The birth and development of bancassurance has been one of the most essential upheavals in the monetary administrations area to stay cutthroat and beneficial.

Over the years, Kenya's banking area has encountered monetary developments to suit changing shopper tastes and inclinations, committed workspace inside the branch; and banks get together with vendors to sell assurance and stay aware of existing concurrences on an advantage sharing reason (Kiragu, 2014). Therefore, new items, cycles, and associations have advanced. Cutting edge innovation, functional effectiveness, and speedier cash transmission are largely instances of cycle progresses. Web banking, portable banking, and the foundation of CRB authorities and bancassurance are instances of institutional and item advancements (Ocharo & Muturi, 2016).

Mwiti (2016) directed exploration on the effect of bancassurance on the monetary presentation of Kenyan business banks. Mwangi (2010) explored the variables that prompted the advancement of bancassurance in Kenya, and the Association of Kenya Insurance (AKI) (2017) researched the potential circulation networks for the protection business and found that bancassurance, web, worksite showcasing, phone advertising, and joining forces with non-legislative associations all have extraordinary potential. As a result, the financial drivers of commercial banks' adoption of bancassurance in Kenya will be examined in this study.

1.3 The Purpose of the Study

The purpose of the study will be to analyze financial determinants of the adoption of bancassurance by commercial banks in Kenya.

1.4 Specific Objectives

- i. To establish the effect of bank profitability on the adoption of bancassurance by commercial banks in Kenya.

- ii. To examine the effect of bank credit risk on the adoption of bancassurance by commercial banks in Kenya.
- iii. To determine the effect of bank product diversity on the adoption of bancassurance by commercial banks in Kenya.
- iv. To determine the effect of insurance contract cost on the adoption of bancassurance by commercial banks in Kenya.

1.5 Research Questions

H01 There is no significant relationship between bank profit and the adoption of bancassurance by commercial banks in Kenya

H02 There is no significant relationship between bank credit risk and the adoption of bancassurance by commercial banks in Kenya

H03 There is no significant relationship between bank product diversity and the adoption of bancassurance by commercial banks in Kenya

H04 There is no significant relationship between the cost of the insurance product and the adoption of bancassurance by commercial banks in Kenya

1.6 Significance of the Study

Commercial banks- The study could be used by commercial banks that want to venture into the field of banc assurance and by Government to formulate policies for the growth of Banc assurance in Kenya. Commercial banks interested in entering the sector of bancassurance can benefit from the research (AKI, 2010). The examination will investigate the effect of bancassurance, and banks will acquire significant data to use in their tentative arrangements, especially with the increment in the inexorably cutthroat monetary administrations market, giving more opportunities to development and new revenue sources. The review's discoveries will be helpful in coordinating

the making of rules and guidelines that will help business banks in embracing channels that will upgrade their presentation and, therefore, the area's exhibition.

Insurance companies - Insurance firms, particularly those that have not yet adopted the bancassurance model, may find the results and suggestions of this research to be critical information in their quest for a competitive edge (Alexandru, & Marius, 2009).

Policy Makers - The study will be useful to strategic decision makers in Kenya's insurance industry as they look for new ways to improve market penetration. It is also intended to aid insurance companies in developing plans for their bancassurance operations (Arthur, & Iris, 2016). The conclusions of this study will assist the regulator, the central bank, in developing a comprehensive knowledge of the effects of bancassurance on the success of Kenyan commercial banks, allowing for the design of applicable regulations.

Future researcher - Researchers, students, and scholars who want to conduct correlated or similar investigations will be able to utilize the study's findings as a reference in the future (Barua, 2015). Researchers and academics will profit from the study since it will identify additional subjects of research by mentioning similar issues that require further research and empirical investigations to discover study gaps.

1.7 Delimitations/Limitation of the Study

The study will concentrate on the financial factors that influence the adoption of bancassurance in Nairobi's central business district's tier 1 commercial banks (KCB, Equity Bank, Standard Chartered Bank, Cooperative Bank, Stanbic bank, Diamond Trust Bank, Barclays Bank and Commercial Bank of Africa). There may an issue getting to significant information from the respondents for dread that private data might spill to the public particularly their rivals.

Nonetheless, the scientist will guarantee the respondents that the data gave would exclusively be utilized to scholarly purposes and treated with most extreme privacy.

1.8 Scope of the study

The study will focus on financial determinants for the adoption of bancassurance in tier 1 commercial banks in Nairobi central business district. The study will choose tier 1 banks because they have implementing bancassurance services in all its branches and have made bancassurance a department on its own. Data will be obtained from Business Development Officers and Operations Officers. The study will be conducted between May and September 2019.

1.9 Definition of Variables

Asset risk management is the process of detecting, analyzing, and mitigating risk to a manageable level (Shafiq & Nasr, 2017).

Bancassurance is a business connection between a bank and an insurance firm with the goal of providing insurance products or services to the bank's clients (AKI, 2016).

Business retention it's an effort by a business to maintain a working environment which supports current customers in remaining with the company (Lepilale, 2016).

Commercial bank is a legal financial institution that may accept money from corporations and people and lend it to them (Ongore & Kusa, 2017).

Competition is a two- or more-company activity in which each firm seeks to persuade consumers to buy its goods over those of the other firms (Porter, 2015).

Credit risk: The risk of failure of repayment of debt when it falls due (Porter, 2015)

Insurance Contract Cost: refers to the cost of the agreement between the insurance company and the insured person.

Revenue Strength shows the increase/decrease in sales over time. It is used to determine how quickly a company is growing (Cheeseman & Robert, 2016).

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter makes an explanation of the existing theories and analysis of the past established knowledge which will outline the organized understanding of the major issues and past studies in the related field of study.

2.2 Theoretical Framework

2.2.1 Theory of Financial Intermediation

Financial intermediation is the most common way of moving assets from surplus offices to shortage organizations by means of monetary mediators (Alexandru & Marius, 2009). The Theory of Financial Intermediation started from three separate methodologies: educational deviation hypothesis, value-based expense hypothesis, and money related guideline hypothesis (Bert & Dick, 2016). Gurley and Shaw (1960) proposed the possibility of instructive deviation, which said that go-betweens emerged because of enlightening lopsidedness, bringing about high value-based expenses. Monetary go-betweens emerged from the need to alleviate the effects of flawed business sectors, since they were seen to eliminate or somewhat decline a few kinds of value-based expenses by joining the assets of individual purchasers, bringing about scale economies (Alexandru et al., 2009).

Banks, according to the theory, secure stores from their clients, who store their speculation assets with them, and thereafter advance these monies to borrowers. This cycle changes the nature of capital and raises its social worth. This is done to ensure that these monies are put to the best possible use. The tasks of banks, according to this idea, incorporate capital change and filling in as arbiters among savers and borrowers (Bert & Dick, 2016). Benston and Smith (1976) set up the

Transaction Cost Theory, which zeroed in because of value-based innovation achieved by financial intermediation (Bert & Dick, 2016). Center individuals are accepted to be a social affair of individual moneylenders and obligation holders who take use of the scale economy in contingent advancement (Alexandru et al., 2009). Customers accept they are seasoned veterans of making the best monetary decisions because of their function of processing large amounts of data at great efficiency.

The management of money generation and saving in the financing of the economy is the foundation of financial intermediation (Bert & Dick, 2016). Guttentag and Lindsay(1968) thought of this technique This type of guideline, as indicated by Arthur and Iris, (2016), affects the liquidity and reasonability of the delegates in question. Because of rising contest, globalization, and market advancement, banks have thought that it is progressively hard to support benefit. The need for specific collusions is seen as basic for these Financial Institutions' drawn out development and suitability, just as keeping up with their liquidity. Protection firms, then again, have thought that it is more hard to support a strategic advantage in a steadily changing serious market consistently.

The theory is applicable to the current study in that it explains how the merging together of the insurance companies and the banks would result into increased competition among the players. The need to create and use alternate distribution channels has increased as the financial services market becomes more competitive. Insurance firms are attempting to build a large client base in order to raise their prices. Through the idea of Financial Intermediation, Bancassurance shows to be a valuable vehicle for both the Bank and the Insurance Company. As monetary establishments, they should fight with the always showing signs of change and serious monetary administrations market, and their joint efforts empower them to exploit conditional innovation efficiencies and

cost decreases. More significantly, their combined efforts promote consumer loyalty as fund accumulators since customers believe they will invest properly in the funds.

2.2.2 Modern Portfolio Theory

Markowitz created the Modern Portfolio Theory (1952). Markowitz featured the broad act of portfolio expansion and showed how a financial backer might bring down the standard deviation of portfolio returns by picking stocks that don't move in lockstep. The standard communicates that a financial backer enhances his resources across all protections that give the best projected return (Markowitz, 1952). He proceeded to deal with key portfolio development ideas, which in the end prompted the thought of Efficient Portfolios. A portfolio that gives both greatest expected returns and most reduced unpredictability ought to be adulated to the financial backer, as indicated by Markowitz (1952). A lot of what has been expounded on hazard and return depends on these fundamental ideas.

A portfolio that is efficient is made up of assets that provide an exceptional yield for a given degree of hazard or a generally safe for a given degree of return. A sharp financial backer can diminish the danger of a negative return by expanding their arrangement of resources. Expansion lessens the danger of misfortune in the event that one of the resources neglects to give the ideal outcome. The portfolio hazard is below the normal danger of the singular values as a result of broadening (Brealey & Myers, 2016).

Commercial banks have recognized the necessity to diversify their portfolio of offers throughout time in order to stay relevant, improve revenues, and ensure their long-term viability in this cutthroat competitive financial services sector. Banks have thought that it is progressively troublesome and exorbitant to support benefit because of market advancement, liberation, and globalization. Jongeneel (2016) From the 1980s to the present, factors, for example, the

development of the internet business direct and changes in client mentalities have added to the steady decrease in revenue edges on business bank credits. Banks are at present putting resources into Financial Innovation and stretching out into new areas, for example, diaspora banking, web banking, portable banking, custodial administrations, share the board, exchange and item banking, and bancassurance.

Bancassurance's strategy of diversification and expansion into new sectors of business has benefited its financial success. Customer steadfastness is improved by giving a scope of monetary administrations to a similar client base. This might impact the bank's drawn out benefit. As per Jongeneel (2011), a business bank holds onto the opportunity to extend in noticeable quality by giving an all-inclusive resource monetary arrangement. Bancassurance, on the other hand, provides the bank with additional revenue in the form of fee income. Enhancement likewise brings scale, which might make it simpler to draw in proficient administration, access worldwide monetary business sectors, or gain political force in nations where the public authority attempts to deal with the economy or where laws and guidelines are conflictingly implemented, according to Brealey and Myers (2003).

This theory is relevant to the research since it addresses diversification as a means of improving monetary execution, and bancassurance is one of the manners in which banks have broadened to upgrade their monetary presentation. This demonstrates that banks are enhancing their property. This may prompt a diminishing in hazard levels. If a consumer can get a range of financial services as and when they need them, they will be happier and loyal. Bancassurance also brings in additional revenue for the bank in the form of fee income. Enhancement additionally helps business banks as far as size and extension economies, which means extended revenue sources.

2.2.3 Diffusion of Innovation Theory (DOI)

Rogers coined the Diffusion of Innovation (DOI) hypothesis (1995). Dissemination of Innovation, as per Rogers (1995), is the cycle through which an advancement is sent to different diverts over the long haul in a social framework. As indicated by Rogers (1995), the dispersion interaction happens in four phases: creation, transmission of the development through a social framework, time, and the effect of embracing the advancement on the adopter's picture in the public arena or among peers. The idea of organizations and the jobs of assessment pioneers affect the probability of a creation being embraced.

Interpersonal organizations, like online media and individual connections, spread data and influence reception suppositions and choices over the long run. As indicated by DOI, seen development characteristics like as relative benefit, similarity, intricacy, triability, and discernibleness influence whether an innovation is embraced or dismissed. The example of correspondence stream impacts the example of reception across individuals from the embracing social framework, as indicated by the DOI hypothesis. Users who are well-informed are convinced to accept the improvements. The number of people engaged (20) and the communication flow pattern are the two most essential aspects of this procedure that are being investigated (Rogers, 1995).

The theory is significant to this research because it explains how the idea of bancassurance has been implemented in the Kenyan banking sector. The exchange accomplices should cooperate to guarantee the achievement of monetary advancements in light of the fact that a viable correspondence channel, banc affirmation, creates earlier attention to the new development. This will be decided by the organization's interconnected industry and how influential it is among its trade partners.

2.2.4. The Resource-Based View

The resource-based view (RBV) places a premium on a company's resources as the primary drivers of competitive advantage and success. In assessing sources of competitive advantage, it makes two assumptions (Barney, 2003). First off, this model infers that organizations inside an industry (or inside an essential gathering) are assorted as far as the assets they have. Second, in light of the fact that the assets expected to carry out organizations' procedures are not totally transferable between enterprises, resource heterogeneity is assumed to persist over time.

For an asset group to add to an upper hand, heterogeneity (or uniqueness) is respected a necessary prerequisite. If all associations in a market have comparable stock of resources, the reasoning goes, no method introduced to one firm will not be accessible to any excess firms keeping watch (Cool & Dierickx, 2002). The RBV is a proficiency based clarification of execution inconsistencies, like the Chicago School custom (Peteraf & Barney, 2003). Performance differentials are thought to be generated from rent differentials, which are attributed to resources with fundamentally contrasting degrees of proficiency as in the permit organizations to offer more benefit to their customers for a given expense (or can convey a similar advantage levels for a lower cost).

The theory is important to the current investigation because it posits that businesses within an industry might be diverse in terms of the resources they manage. Second, in light of the fact that the assets expected to execute organizations' techniques are not totally transferable between enterprises, resource heterogeneity is assumed to persist over time. As a result, the collaboration between banks and insurance firms will aid in the pooling of resources to secure a shared source of competitive advantage.

2.2.5. Theory of Economies of Scale

Marshall developed the notion of economies of scale (1890). In his attempt to reconcile growing rewards with competitive equilibrium, Marshall assigned external economies a central role (Hart, 1996). It has been proposed that Marshall's essential inspiration for setting up the idea of outside economies was to clarify the enormous authentic declines underway expenses related with expanded yield (Roy & Wilfred, 2011). In spite of the fact that Marshall plainly recognized outer and inner economies, there was an unmistakable end that the two sources existed together to the degree that he saw the advantages open to little organizations as starting from the overall development of ventures. The accessibility of outer economies to organizations seems to increment couple with the size of modern creation, a component that additionally makes the normal size of firms develop, and thusly the accessibility of inner economies to develop (Roy & Wilfred, 2011).

Scale economies are a sort of economy that happens when an enormous number of individuals work. The money saving advantages that organizations get because of their size, creation, or size of activities. Interior, outer, public, worldwide, aggregative, or disaggregative economies of scale exist (Hart, 1996). Economies of scale are unavoidable in Bancassurance in light of the way that banks and assurance firms work in like manner. Both of them oversee saves, have equivalent legitimate and money the board capacities, produce liquidity, fitting risk through reinsurance or reconsidering, and rely upon the law of colossal numbers.

As per Hart (1996), banks advantage from economies of scale coming about because of the law of enormous numbers. Protection organizations, in the interim, depend on the law of colossal numbers. This demonstrates that as the example size rises, the expected misfortune conveyance moves toward the genuine misfortune circulation. Furthermore, they give correlative things. When

taking out close to home advances, banks propel their borrowers to buy protection against various dangers, like demise and extremely durable inadequacy, making protection a fundamental component of the advance. Their coordination can affect their tasks as far as cost reserve funds in this regard.

Economies of scale focus their endeavors on cost decrease through further developed usefulness. Bancassurance is helped out through the bank's dispersion organization, which incorporates its branch organization. The banks get an extra wellspring of cash, alluded to as Fee Income, at a lower cost subsequently. This is because of the way that the arrangements are sold through a current branch network as opposed to the bank making another wing devoted to a similar movement. Moreover, the likenesses among banking and protection offer a critical chance to consolidate powers at a decreased expense.

The theory is appropriate to the current study in that the bancassurance model may ultimately deliver strategically pitching business cooperative energies for banks, bringing about cost decreases because of economies of scale. Offering a more extensive assortment of administrations is profitable to bank-assurers since it might give relative benefits over conventional business banks. The more protection items a bank sells, the more experience it will acquire, just as scale benefits, bringing down minimal selling costs. A business bank's expense cutting arrangement is a decent method to work on its monetary presentation.

2.3 Empirical Literature Review

2.3.1 The Effect of Bank Credit Risk on the Adoption of Bancassurance by Commercial Banks

In Kenya, Omondi (2016) analyzed the components that impact business banks' reception of bancassurance. Six significant banks, fifteen medium-sized banks, and 22 little banks made up the objective populace of 43 authorized business establishments. As per the review, business banks were captivated to embrace Bancassurance by the requirement for another income stream, enhancement, and degree economies. The craving for additional revenue sources, corporate broadening, scope economies, and Commercial Bank reception of Bancassurance were all firmly connected.

Nyakundi (2016) directed exploration on administration impression of bancassurance as a danger alleviation procedure. The objective of the review was to check whether Equity Bank and Insurance Companies could moderate a portion of the administration issues, for example, high advance defaults prompting high credit chances, client exchanging because of disappointment, declining benefits, and an absence of readiness to purchase new protection items, bringing about low development. Besides, the review meant to decide if the Bancassurance model was a decent wellspring of income, just as customer obtaining and maintenance, as one of the measures a financial backer would assess prior to putting resources into the Commercial Industry.

Mwangi (2010) analyzed the drivers of bancassurance advancement in Kenya, and it was found that dangers related with bancassurance incorporate customer resistance, misfortune realization, and operational ineffectiveness, all of which had a modest impact on performance. However, this analysis failed to establish a link between bank assurance risk and overall bank performance.

Muunda (2016) expresses similar thoughts, stating that because banks are merely distribution outlets, they may not require a large amount of money to engage in bancassurance. According to Benoist (2002), bancassurance necessitates risk management and that non-life product trading must be addressed alongside policy servicing costs.

Banks must prepare for the potential for client relations to be harmed as a result of increasingly frequent non-life insurance claims. According to Kumar (2016), banks have been using bancassurance for a long time as a means of risk reduction (ensuring asset security) or improving efficiency, particularly in the case of liability products (deposits). Customers who took out bank loans were required to purchase insurance in the event of death, incapacity, or property theft. Banks obtain economies of scale in the offering of insurance products, according to Capita (2006). For starters, they have a lot more data on individual customers, which is crucial for efficiently pricing risk. Second, banks, particularly those with a vast network, may be able to realize significant economies of scale. According to Benoist (2002), insurance products may provide immediate benefit to a retail bank's customer service operation, and the bank's sales force can successfully promote them; Analyzing accessible data about a client's financial and social condition may be extremely useful in identifying consumer requirements and advertising or producing new products or services.

The recognition that combined bank and insurance products can benefit customers by providing more comprehensive solutions than typical standalone banking and insurance products; Long-term relationships with clients are common among banks because they allow comparable talents to be exercised and the bancassurer to take use of the finest that each partner has to offer (Focus, 2005). Besides, the review meant to decide if the Bancassurance model was a decent wellspring of

income, just as customer obtaining and maintenance, as one of the measures a financial backer would assess prior to putting resources into the Commercial Industry.

2.3.2 The Effect of the Cost of Insurance Contract on the Adoption of Bancassurance by Commercial Banks

In India, Lovelin and Sreedevi (2014) conducted research on the desire for bancassurance. The study's goals were to look at consumer knowledge of Bancassurance, customer perceptions of Bancassurance, variables influencing insurance product purchases from banks, and a SWOT analysis of Bancassurance. According to the data, a substantial proportion of the one hundred respondents were unaware of the idea of Bancassurance. Customer loyalty, favorable tax benefits, and loan needs were cited by respondents as factors affecting the purchase of insurance products from banks.

Loechel and Brost (2014) expected to survey the hypothetical discoveries and exact proof of the advantages and expenses of coordinated monetary administrations suppliers (IFSP) and attract deductions for creating IFSP developing business sectors, with a unique spotlight on China, in their review on the advantages and expenses of incorporated monetary administrations suppliers. Managers from insurance firms and banks were questioned on the topic. The intended audience consists of The study found that evaluating financial institution integration or segregation should always be done in the context of regulatory and management considerations.

On account of crediting, ensuring, and business organizations are open under one housetop for the current customer base, the current strength of banking establishments in rising public economies got together with the presence of young capital business areas can be utilized for capital market improvement. Strategically pitching banking and protection products through banc-confirmation can all the more likely serve retail shoppers by giving total exhortation to refined life-time

monetary arranging and supplementing arising countries' immature government managed retirement frameworks.

At Equity Bank Limited, Nyakundi (2016) directed examination on administration impression of bancassurance as a danger moderation technique. The objective of the review was to check whether Equity Bank and Insurance Companies could address a portion of the administration issues, for example, high advance defaults prompting high credit hazards, client exchanging because of disappointment, declining benefits, and a hesitance to purchase new protection items, bringing about low development. Besides, the review intended to decide if the Bancassurance model was a decent wellspring of income, just as customer obtaining and maintenance, as one of the standards a financial backer would assess prior to putting resources into the Commercial Industry.

According to Mascareigne (2017), creating client happiness and trustworthiness, engaging purchasers, creating obstacles to choosing, and effective communication are all aspects that might lead to customer retention. Other elements that require consideration, particularly in the advertising business, include quality service, correct pricing, and the development of numerous choices for keeping consumers. According to the findings of the survey, businesses utilized highly personalized client retention tactics. The businesses lacked basic or established practices for keeping customers.

According to Munich (2001), increased rivalry between banks has resulted in an increase in administrative and marketing costs, as well as a reduction in the profit margins of traditional banking products, against a backdrop of falling interest margins. These variables include critical components of change in the banking industry's competitive environment. In reality, as the economy has changed, bank net interest margins have shrunk, forcing banks to rely more on noninterest income as a source of revenue. Bancassurance revenue provides a sustainable non-

interest source of income for banks (Carow, 2001). Banks have started to see Bancassurance as a means of diversifying their revenue streams. The lender can enhance their earnings by selling the insurance product through their own channel (Fiordelisi & Ricci, 2009).

In Eastern Europe, Krstic et al. (2016) studied bancassurance as a potential alternative for the growth of the Serbian financial market. The review found that banking and protection are two inseparably connected pieces of the monetary area, with interconnections that are particularly solid during seasons of emergency. This concentrate on banc confirmation in the Serbian monetary industry likewise found a creating presence of a model of fused execution of bank and protection offices watching out, as demonstrated by banking and assurance courses of action. In a time of rising rivalry among monetary market members, bancassurance helps the financial business by boosting client base, keeping current customers, expanding benefit, and improving inventory by growing new items customized to the design and requests of customers.

2.3.3 The effect of Bank Profitability on the Adoption of Bancassurance

Key Bancassurance Success Factors in Taiwan were investigated by Chiang et al. (2013). The impacts of key achievement variables and execution holes as assessed by genuine execution less the significant achievement factors were used as three important success ideas that determine the success of Bancassurance operations in Taiwan. A more thorough study of the literature was conducted, as well as in-depth information from the specialists. To build a critical success criteria framework for Bancassurance, the study used an analytical hierarchy approach and a modified Delphi technique. The study was beneficial in identifying important Bancassurance success criteria. Managers were able to use the findings to revise their tactics in order to collect the ineffective Bancassurance techniques. While it was critical to identify regions of high, low, and high relevance, the data revealed that the two were interconnected. Banks must prepare for the

potential for client relations to be harmed as a result of increasingly frequent non-life insurance claims. According to Kumar (2016), banks have been using bancassurance for a long time as a means of risk reduction (ensuring asset security) or improving efficiency, particularly in the case of liability products (deposits).

In their analysis, Gakure and Ngumi (2016) point out that bancassurance provides banks with extra wellspring of benefit with practically no capital venture. In addition, the bank has been changed into a financial store where the client may find whatever he requires, which is the latest example in money related organizations. The bank may likewise improve pay from current connections by conveying an assortment of administrations using Banc-affirmation as an income stream, bringing about added esteem in upgrading bank benefit from existing associations with our customers. In the face of increased competition, dwindling revenues, and a dynamic business environment, banks have sought to diversify their product portfolio in order to decrease the danger of depending on just one or a couple of pay sources, stay away from repeating or occasional changes by delivering labor and products with various interest cycles, accomplish a higher development rate, and counter a contender by enhancing through innovative work. Banks and protection organizations have viewed bancassurance to be a connecting with and consistently advantageous extension to their present exercises (El pash, 2012). Banks can broaden a portion of their net loan fee edge hazard without compromising benefit by entering protection and developing non-premium income (expense pay). Collaborations from scope economies, effectiveness benefits, and benefit improving strategically pitching openings are a portion of the expected advantages of enhancement. Diversification may also help financial services businesses reduce their bankruptcy risk by reducing the correlation of earnings.

Mwangi (2016) conducted research on the drivers of Bancassurance development in Kenya. The researcher utilized a survey design using all of Kenya's commercial banks as the target population. One bank chief was picked indiscriminately from the entirety of the banks. As indicated by the discoveries of the review, factors driving the reception of Bancassurance included expanded portion of the overall industry, supplementing center business, buyers getting related administrations under one rooftop, and functional proficiency and adequacy. Likewise, the review found that Bancassurance benefits included higher income, expanded portion of the overall industry, effort to significant customers, and further developed tasks.

Waweru (2014) performed research to see how Bancassurance affects the performance of commercial banks. secondary information was accumulated from bank monetary reports and Kenya's public bank. Relationship and various relapse investigation were utilized to break down the information. The outcomes demonstrated a significant positive connection between business bank monetary execution and bancassurance, yearly premium on credits, and a negative connection among bancassurance and yearly expansion rate. The review found a positive connection between yearly premium on acquired advances and monetary execution of Kenyan business banks, just as a negative connection between yearly swelling rate and monetary execution of Kenyan business banks.

Mwati (2013) investigated the impact of bancassurance on the financial performance of Kenyan banks. The study was conducted using a descriptive research survey. Nine Kenyan commercial banks that have adopted bancassurance were studied. The census technique was utilized because of the extent of the number of inhabitants in Kenya's business banks that have taken up bancassurance. For the years 2008-2012, auxiliary information was accumulated from business banks' examined fiscal reports just as the CBK. The information was investigated utilizing SPSS

programming, and the discoveries demonstrated that bancassurance affected the monetary exhibition of Kenya's business banks.

Omondi (2016) researched the components that impact business banks' reception of bancassurance in Kenya. The investigation discovered that the need for another revenue source, broadening, and degree economies supported Commercial Banks' reception of Bancassurance. There was a solid connection between the interest for extra revenue sources, organization broadening, scope economies, and Commercial Bank reception of Bancassurance. According to a Munich (2016) research, expanded contention between banks has prompted an expansion in authoritative and promoting costs, as well as a reduction in the profit margins of traditional banking products, against a backdrop of falling interest margins. These variables include critical components of change in the banking industry's competitive environment. Bancassurance revenue provides a sustainable non-interest source of income for banks.

2.3.4 The Effect of Bank Product Diversification on the Adoption of Bancassurance

While examining the expense of banc affirmation according to a protection point of view, Violaris (2015) claims that banc affirmation can bring about lower regulatory costs. He likewise referenced that business consumptions paid by means of the utilization of protection specialists as a circulation divert may bring about premium rate builds, bringing down seriousness and deals. Violaris, on the other hand, did not provide a justification for the banks' distribution costs. Vineet Agarwal (2014) investigated the major challenges confronting the banking sector today in a paper titled "Bancassurance: Concept, Framework, and Application." Strong competition, along with banks' diminishing interest margins, creates a pressing demand for new smart fiscal goods and advancements.

In Eastern Europe, Krstic et al. (2016) studied bancassurance as a potential alternative for the growth of the Serbian financial market. The review found that banking and protection are two inseparably connected pieces of the monetary area, with interconnections that are particularly solid during seasons of emergency. In a period of rising competition among financial market participants, bancassurance benefits the banking business by boosting customer base, keeping current clients, increasing profit, and enhancing supply.

According to a Capita (2016) survey, banks have a number of competitive advantages when it comes to providing insurance products. For starters, they have a lot more data on individual customers, which is crucial for efficiently pricing risk. Second, banks might have the option to accomplish monstrous economies of scale, particularly in case they are a piece of an enormous overall organization. Banks and assurance firms have observed banc-insistence to be a connecting with and periodically useful extension to their present exercises (El pash, 2012). Cooperative energies from scope economies, effectiveness benefits, and benefit upgrading strategically pitching openings are a portion of the expected advantages of enhancement. Diversification may also help financial services businesses reduce their bankruptcy risk by reducing the correlation of earnings from a wider range of financial operations (Smit & van der Lugt, 2000). The sources of income for banks might vary significantly. Some concentrate on corporate lending, while others concentrate on consumer lending and fee-earning operations. Most banks, then again, are progressively venturing into expense acquiring activities, and this enhancement across different kinds of revenue is invited since it diminishes hazard, contingent upon how autonomous the various sources of income are from one another (Fiordelisi & Ricci, 2009).

According to Kiragu (2014), a company's need to establish and use alternative distribution channels has increased due to the more competitive climate in the financial services industries. Financial liberalization, market convergence, and globalization have all had detrimental consequences for the Banking and Insurance industries. To preserve their client base while also boosting revenue, banks must come up with creative concepts. Insurance firms, on the other hand, must come up with creative solutions to maintain survival in a market with sluggish growth and established markets.

According to Jongeneel (2014), banks have shifted away from conventional income-generating methods and toward non-customary procedures, for example, speculation banking, protection financier, common assets, and protection offices as of late. The banking industry's ever-increasing competitiveness has resulted in an increase in the cost of money, forcing banks to devise alternate deployment strategies in order to preserve their interest margins. Banks have moved away from traditional lending and towards activities that produce non-interest earnings in the face of falling net interest margins during the last two decades. The shift is basic for monetary security. The more unstable a bank's income source is, the more hazardous the foundation becomes. The normal information in the financial area is that expense based product profits are more reliable than loan earnings, and that fee-based activities diversify bank risk. (Jackson, et al., 2010).

The choice of Bancassurance in India was investigated by Sreedevi and Lovelin (2014). The study's goals were to look at consumer knowledge of Bancassurance, customer perceptions of Bancassurance, factors affecting protection item buys from banks, and a SWOT examination of Bancassurance. The audit took an edifying and observational method. Studies were used to assemble fundamental data, while helper data was collected from security magazines, disseminations, yearly reports, papers, and official locales. The discoveries demonstrated that most

of the 100 respondents had no information on the Bancassurance idea. Client devotion, credit needs, and good expense benefits were the main models that respondents knew about as significant drivers of the degree to which protection items are obtained from banks.

Estrella (2001) looked at direct measurements of possible diversification advantages from financial company consolidation in a research. The study's population was collected from financial businesses, and the data was analyzed using regression statistics. His findings suggest that mergers between the banking and insurance industries might result in bilateral diversification benefits. As per Estrella (2001), these advantages are not bound to life coverage, as expressed by the past journalists, yet additionally incorporate nonlife protection organizations, which bring about more noteworthy enhancement gains than extra security organizations. He additionally shows that life coverage and nonlife protection have solid associations with one another, just as with significant banks. The protection businesses are as of now amazingly fluctuated contrasted with other monetary areas, which is one of the significant reasons that banking-protection mixes increment variety.

Gakure and Ngumi (2013) utilized a descriptive survey research methodology in their study to assess the impact of bank innovations on the income of Kenyan commercial banks. Kenya's objective segment included 44 business banks. The open populace comprised of twenty banks, every one of which was tested in a helpful way. The review's example outline was gotten from a rundown of all authorized business banks and home loan finance foundations working in Kenya as of December 2011, as recorded on the Central Bank of Kenya's web-based information base. The respondents were partitioned into two gatherings: senior and moderate administration faculty, and separated irregular determination was utilized to pick them. To collect qualitative data for analysis, questionnaires were employed. Employees in senior and middle management were given

questionnaires to fill out in order to obtain primary data. The Central Bank of Kenya provided secondary statistics.

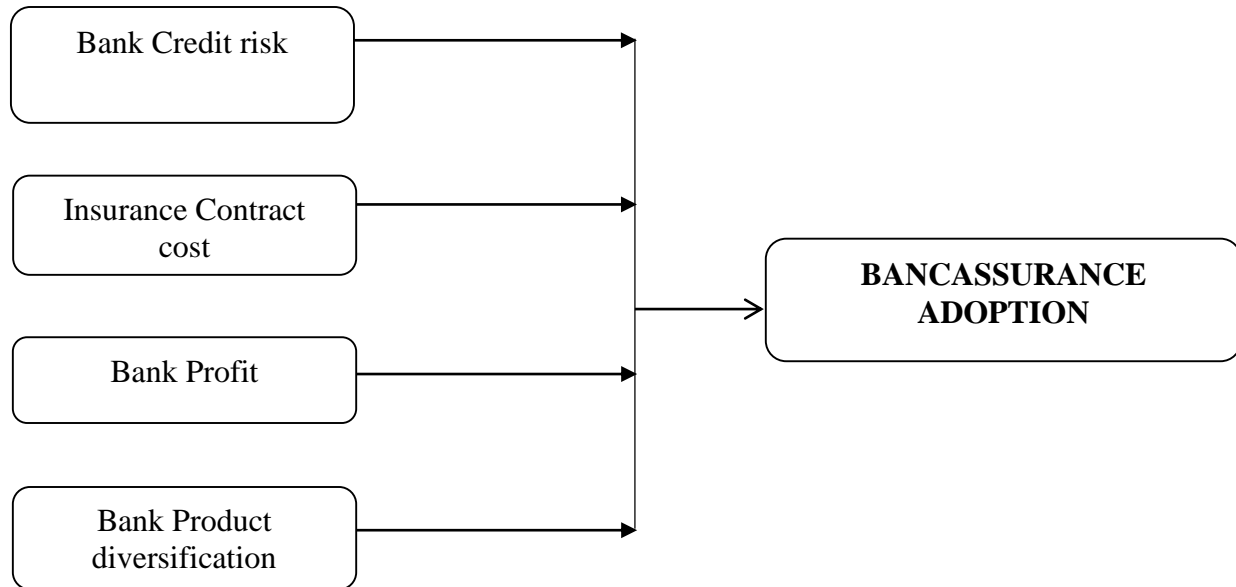
The factual meaning of the different free factors (robotized teller machines, charge and Mastercards, retail location terminals, versatile banking, web banking, and electronic assets move) on the reliant variable of complete pay was tried utilizing numerous straight relapse examination. The information show that bank developments minorly affect business banks' profit in Kenya. Given Kenya's quick and continuous reception of mechanical advancement, the public authority should keep on giving more prominent motivators for scholastics to keep investing their energy and abilities in growing new bank developments. It is likewise recommended that the public authority embrace an arrangement to support innovation move from more created economies to empower the reception of a-list developments. More cash for banks because of advancement reception prompts more positions and an expansion in the nation's GDP, adding to the public authority's generally macroeconomic objectives. Therefore, another exploration on the commitment of bank advancements to the public authority's large scale objectives might be embraced.

2.4 Conceptual Framework

A conceptual framework is a written or visual presentation that describes the primary items to be examined, the key aspects, concepts, or variables, and the assumed relationship between them, either visually or narratively (Miles & Huberman, 2017). The dependent variable in this study is bancassurance adoption while the independent variables are Asset risk management, business retention, revenue strength and competition. Below is a figurative representation of the variables explored by this study.

Figure 2.1.

Conceptual Frame Work



Independent variables

Dependent variable

Bank Credit risk

The risk of an obligation default emerging from a borrower's inability to make required installments is known as bank credit hazard. The moneylender bears the danger in the main occasion, which incorporates lost guideline and premium, income interference, and higher assortment costs. The misfortune may be aggregate or halfway.

Bank Product diversification

Because the bank devotes its resources to a variety of diverse sectors, bank product diversification reduces the danger of insolvency (Haugen, 2001). Diversification, according to Diamond (1984), lowers monitoring costs. Banks can diversify by offering new non-interest or interest-bearing products, as well as services that are closely related to their current business. Banks might diversify their businesses to generate non-interest revenue or interest income.

Bank Profit

Banks profit by generating more money than they spend on expenditures, just like any other firm.

The fees it charges for its services and the income it generates on its assets account for the majority of a bank's earnings. A return on assets and a return on equity are two ways to calculate profits.

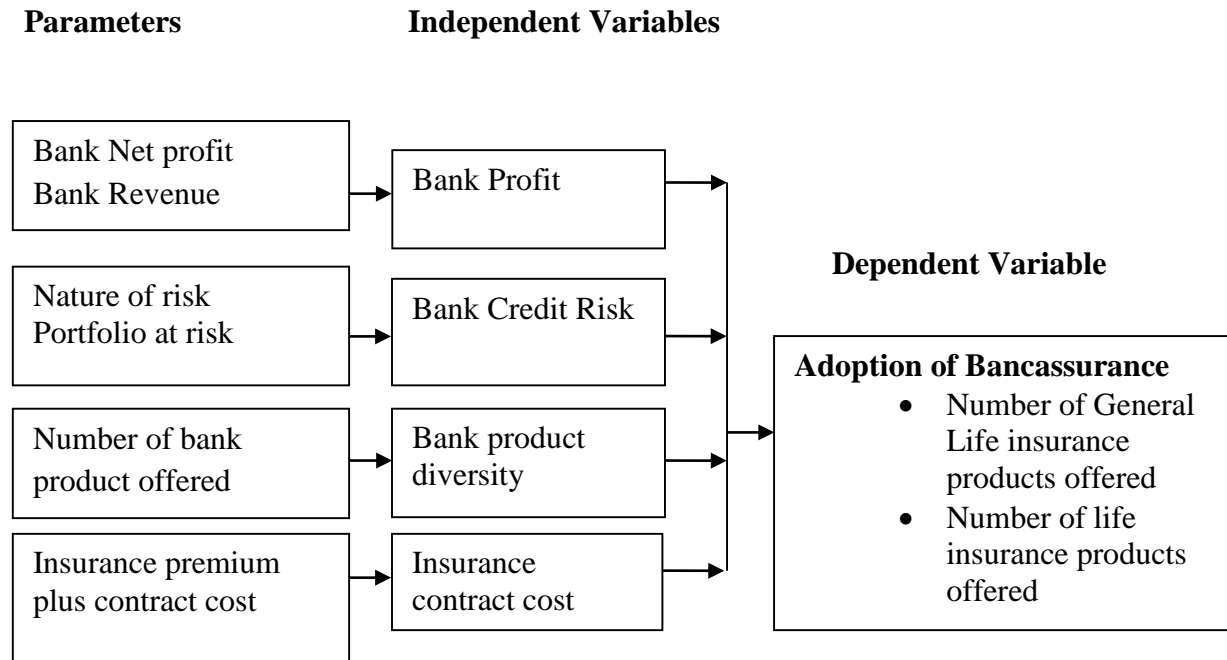
Insurance Contract cost

The process of estimating the expected claims to be paid and the expenditures associated in accepting the risk may be defined as the pricing of an insurance policy. An insurance contract is a legal document that represents the agreement between the insured and the insurance company.

2.5 Operationalization Framework

Figure 2.2.

Operationalization of Variables



Source: Own Conceptualization (2019)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The research strategy and technique utilized in the study are discussed in this chapter. It covers the study's design, target population, sampling method, data collecting tools and procedures, research instrument validity and reliability, data analysis and presentation, and more.

3.2 Research Design

A descriptive survey research approach was employed in this study. Descriptive research design, as described by Kothari (2014), entails obtaining data that describes occurrences, organizing, tabulating, depicting, and describing the information assortment, and every now and again utilizing visual guides like diagrams and outlines to help the peruser in understanding information conveyance. The review's plan is proper since the analyst expects to gather, assess, and distribute information as it is found in the field, without any change of variables.

3 3.. Population Size

According to Mugenda and Mugenda (2016), a population is an entire collection of people, events, or things who share a similar feature. The target demographic consists of 77 Business Development Officers and 64 Operations Officers who work in the bancassurance department of eight Tier 1 commercial banks in Nairobi's CBD. Bank tiers are a system for classifying banks based on their relative size in relation to the entire banking market (as measured by total banking assets as reported on the bank's balance sheet).

Table 3.1.***Target Population Size***

Banks	Business Operations Officer	Operations Officer	Total
KCB	12	16	27
Equity Bank	11	16	28
Standard Chartered Bank	9	6	15
Cooperative Bank	10	4	14
Stanbic bank	9	4	13
Diamond Trust Bank	7	7	14
ABSA Bank	10	6	16
NCBA Bank of Kenya	8	6	14
Total	76	54	141

Source: Kenya Bankers Association, 2018-2021

3.4 Sampling Technique

According to Mugenda and Mugenda (2009), a sample is a subset that has been painstakingly decided to be illustrative of the whole populace and to have significant elements. The census technique was employed in this study, which is a statistical enumeration approach in which all members of the population (141) are counted. Since the number is sensible inside as far as possible, and on the grounds that the strategy offers a certifiable appraisal of the populace while likewise having the most extreme level of exactness, registration has been utilized (Babbie, 2010).

3.5 Data Collection Methods

A researcher's data collecting procedures are the strategies he or she employs to acquire information for a study with the goal of demonstrating or disputing specific truths (Hakim, 2003).

Both primary and secondary data were used in this investigation.

3.5.1 Primary Data

Primary data is acquired straightforwardly from unique sources, and optional information is accumulated by means of reports (Chandran, 2014). Shut polls were used to get fundamental data.

As shown by Mugenda and Mugenda (2010), one of the upsides of studies is that respondents have ample opportunity to totally ponder their responses. One more benefit of the survey is that it might cover an enormous geographic area and that responders can finish it at their own speed. Closed-ended questions will be used in the study to focus respondents' responses on a single topic for simpler analysis.

3.5.2 Secondary Data

The data for the study was collected using a secondary data collecting sheet from the banks' published financial statements.

3.6 Data Collection Procedure

The consent to coordinate the assessment and an endorsement letter from Kenya Methodist University and the National Commission for Science, Technology and Innovation (NACOSTI) to manage the surveys were searched for, and the expert similarly visited picked banks in Nairobi CBD County for an associate and got created approval with lead the investigation secretly for educational purposes so to speak. Utilizing the drop and pick approach, the surveys were then self-directed to the examined respondents.

3.7 Reliability and Validity

3.7.1 Reliability

According to Ogula (2005), dependability refers to the extent to which a research instrument produces consistent results after repeated trials or produces consistent measurements each time it is delivered to the same participants. A pilot study was conducted to confirm the questionnaires' reliability. A pilot test is required to verify the dependability of data gathering equipment, according to Ebrahim (2003). A pilot study was undertaken to identify design and instrumentation flaws and to give proxy data for sample selection. Pilot study was conducted among 14 respondents (10%*141) in Tier 1 Banks in the neighboring Kiambu County. The reasons for choosing Kiambu County was because of close proximity to Nairobi and thus they have similar characteristics. Mugenda and Mugenda (2016) verified the use of 10% of the respondents, stating that a successful pilot research should employ one to ten percent of the total sample size. The data from the pilot research will not be used in the final stud.

The pilot data was not used in the final analysis. Cronbach's Alpha coefficient reliability was used to conduct the pre-test. Cranach's Alpha, a measure of reliability that offers an unbiased assessment of data quality, was applied to the data from the pilot research. Cronbach's Alpha is a dependability coefficient that gives a fair-minded appraisal of information generalizability, as indicated by Zinbarg et al. (2006). An alpha coefficient more noteworthy than 0.6 showed that the gathered information had an undeniable degree of inner consistency and could be summed up to address the perspectives on all respondents in the objective gathering.

3.7.2 Validity

The degree to which an exploration instrument estimates what it should gauge is alluded to as legitimacy (Fraenkel & Wallen 2016). Data was collected from appropriate respondents from banks offering Bancassurance services in the research using an introduction letter to ensure the authenticity of the data obtained. The validity of the instrument was determined by giving it to specialists, experienced research assistants, and supervisors who approved it for data collection.

3.8 Data Analysis Methods

After the questionnaires were gathered, they were thoroughly revised for consistency and completeness, looking for mistakes and omissions. The destinations were inspected, and elucidating and inferential insights were utilized to examine the information as rates and frequencies, which were then introduced in tables, diagrams, and charts to support the understanding of the outcomes and the reaching of inferences. Conversations will promptly follow, clarifying something very similar. SPSS form 25.0 was utilized to direct the information investigation. The link between the factors and the adoption of Bancassurance was investigated using regression and correlation analysis. The following regression model was utilized to establish the relationship between the independent variable and the dependent variable:

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$$

Where

Y= Adoption of Bancassurance

α = constant term

β_1 - β_4 = Parameters

X_1 = Bank Profitability

X₂= Bank Credit Risk

X₃= Bank Product Diversity

X₄= Insurance Contract Cost

ε = Error

3.9 Ethical Considerations

Several measures were put in place to deal with any ethical concerns that could arise throughout the course of the study. The participants were first guaranteed of their privacy because they were not asked to divulge their identities. Only the researcher and the supervisor had access to the information obtained from them. Second, the National Commission for Science, Technology, and Innovation was approached for permission to undertake the research (NACOSTI). Finally, bias was avoided throughout data collection and analysis.

3.10. Operationalization of Variables

The research was based on four variables and some concepts under each variable.

Table 3.2.

Summary of Operationalization of Variables

Variable	Nature	Construct/Indicators	Type of Questionnaire	Measurement Scale
Bank profitability and the adoption of bancassurance	Independent variable	<ul style="list-style-type: none">• Bank Net profit• Bank Revenue	5- point Likert scale	Interval

Bank credit risk and the adoption of bancassurance	Independent variable	<ul style="list-style-type: none"> • Nature of risk • Portfolio at risk 	5- point Likert scale	Interval
Bank product diversity and the adoption of bancassurance	Independent variable	<ul style="list-style-type: none"> • Number of bank product offered 	5- point Likert scale	Interval
Insurance contract cost and the adoption of bancassurance	Independent variable	<ul style="list-style-type: none"> • Insurance premium plus contract cost 	5- point Likert scale	Interval

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the findings of the results and discussions on the financial determinants of the adoption of banc assurance by commercial banks in Kenya. The results are presented according to each objective and hypothesis of the study. The findings are presented in line with the research objectives and study variables. SPSS version 25 is used to aid data analysis. The results cover background information, followed by descriptive statistics and finally the inferential statistics. Data is analyzed using means, frequencies, percentages and standard deviation, and regression and correlation analysis.

4.2 Response Rate

The response rate from the study as per the questionnaires received is presented in table 4.2.

Table 4.3. Response Rate

Target No. of Respondents	No. of Questionnaires Returned	Response Rate (%)
141	133	94

Source: Research Data, 2019

The study aimed for a sample size of 141 respondents chosen from tier one commercial banks in Nairobi's Central Business District, as indicated in Table 4.1. However, 133 people filled out and returned the surveys, resulting in a 94 percent response rate, which was regarded good. This was in line with Mugenda & Mugenda (2003), who said that for a research in the business and social sciences, a response rate of more than 50% is adequate.

4.3 Characteristics of the Respondents

This section presents the characteristics of the respondents as follows; gender, level of education and work experience. This form of categorization is meant to generate responses which are representative of the general view of the respondent where the research is conducted. This description is relevant in providing a better understanding of the background of the respondents.

4.3.1 Classification of Respondents According to Gender

The goal of the study was to determine the gender distribution of the respondents, and the findings are provided in Table 4.3.

Table 4.4. Gender of Respondents

Gender	Number	Percentage (%)
Male	90	67
Female	43	33
Total	133	100

Source: Research Data, 2019

According to Table 4.3, men made up 67 percent of the respondents, while women made up 33 percent. The bulk of the replies are clearly male. As a result, the gender of the respondents may assume a huge part in distinguishing the monetary factors that impact the execution of bancassurance by level one business banks in Nairobi's Central Business District.

4.3.2 Education Level of Respondents

The researcher wanted to know how well-educated the study's participants were. The findings are summarized in Table 4.4.

Table 4.5. Distribution of respondents According to Education Level

Level of Education	Frequency	Percentage
Diploma	25	19
Bachelors' Degree	76	57
Master's Degree	21	16
PhD	8	6
Other(s)	3	2
Total	133	100.0

Source: Research Data, 2019

Table 4.4 shows that 19% of respondents had a certificate level of education, whereas 57 percent had a bachelor's degree. It's also clear that 16% of the respondents had a master's degree, while 6% and 2% had PhDs and other credentials, respectively. This indicates that many respondents have acquired enough information to determine the financial determinants of tier one commercial banks' implementation of bancassurance in Nairobi's Central Business District.

4.3.3 Distribution of respondents according to period of time worked in the tier one commercial banks in Nairobi Central Business District.

The researcher further settled the quantity of years the respondents had worked in their particular level one banks in Nairobi's Central Business District. The discoveries from the examination were as displayed in table 4.5.

Table 4.6. Work Experience

Length of Service	Frequency	Percent (%)
Less than 1 year	21	16
1-5 Years	47	35
6-10 Yrs	28	21
Valid 11-15 Yrs	20	15
Above 15 Yrs	17	13
Total	133	100.0

The researcher found out that 16% of the respondents had worked in their banks for less than a year while 35% had worked 1-5 years. The remaining 21%, 15% and 13% of the respondents had served in the tier one banks within Nairobi's CBD for 6 to 10, 11 to 15 years or more 15 years separately. Subsequently, the scientist noticed that a large portion of the respondents containing 48% had worked in the level one banks inside Nairobi's Central Business District for over 6 years. Therefore, the respondents had obtained adequate experience to provide credible and valid responses.

4.4 Descriptive Statistics

Descriptive statistics are used to determine the respondents' opinions on various research factors. Along these lines, respondents' viewpoints on the effect of bank benefit, bank credit hazard, bank item variety, and protection contract cost on business banks' utilization of bancassurance in Kenya were looked for.

4.4.1 Bank profit and its influence on the adoption of bancaassurance

The researcher calculated the responses' means and standard deviations to investigate the respondents' perceptions of bank profit and its impact on commercial banks' adoption of bancassurance in Kenya. Table 4.6 summarizes the findings.

Table 4.7. Perception on Bank profit

Statements	N	Mean	Std. Dev
Banks that make high profits are able to adopt bancassurance	133	3.79	1.03
Banks that make low profits are unable to adopt bancassurance	133	3.51	1.15
High bank profit helps the bank to diversify and therefore able to adopt bancassurance	133	3.63	1.13
The bank benefit impacts the reception of bancassurance by business banks in Nairobi's Central Business District	133	2.59	0.83
High profits increase the resources available for bancassurance product innovation	133	3.32	0.78
Bank profits project a positive image for the bank and therefore enhance the adoption of bancassurance	133	3.40	0.94

According to the data, the majority of respondents strongly agree that high bank profits encourage commercial banks' implementation of bancassurance in Kenya, as evidenced by a mean response rate of 3.79 and a standard deviation of 1.03. This is confirmed by a mean response of 3.32 and a standard deviation of 0.78, in which respondents state that the availability of resources for

profitable banks allows them to embrace bancassurance. Banks with lesser profitability share the same perspective, and they believe that their lower profits deter commercial banks in Kenya from adopting bancassurance. With a mean reaction pace of 3.63 and a standard deviation of 1.13, most of respondents concurred that bank benefits support development and variety, and along these lines influence the reception of bancassurance by Kenyan business banks. The findings also show that as banks make more money, they portray a better image in the market, which boosts the acceptance of their different products, including bancassurance. Nyakundi (2016) directed exploration on administration impression of bancassurance as a danger alleviation procedure. The objective of the review was to check whether Equity Bank and Insurance Companies could moderate a portion of the administration issues, for example, high advance defaults prompting high credit chances, client exchanging because of disappointment, declining benefits, and an absence of readiness to purchase new protection items, bringing about low development. Besides, the review meant to decide if the Bancassurance model was a decent wellspring of income, just as customer obtaining and maintenance, as one of the measures a financial backer would assess prior to putting resources into the Commercial Industry.

Muunda (2016) expresses similar thoughts, stating that because banks are merely distribution outlets, they may not require a large amount of money to engage in bancassurance. According to Benoist (2002), bancassurance necessitates risk management and that non-life product trading must be addressed alongside policy servicing costs. Banks must prepare for the potential for client relations to be harmed as a result of increasingly frequent non-life insurance claims. According to Kumar (2016), banks have been using bancassurance for a long time as a means of risk reduction (ensuring asset security) or improving efficiency, particularly in the case of liability products

(deposits). Customers who took out bank loans were required to purchase insurance in the event of death, incapacity, or property theft.

These results are in tandem with the study by Omondi, (2011) who observes that there is a strong relationship between the bank profitability and the adoption of bancassurance by commercial banks in Kenya. Other determinants according to the study that affect the adoption of bancassurance are the market share and the market strategies employed. A differing opinion is from a Nigerian researcher Nogu, (2019) who observes that banks with higher profits do not encourage the adoption of bancassurance as they concentrate on their co business which is banking. Key Bancassurance Success Factors in Taiwan were investigated by Chiang et al. (2013). The impacts of key achievement variables and execution holes as assessed by genuine execution less the significant achievement factors were used as three important success ideas that determine the success of Bancassurance operations in Taiwan. A more thorough study of the literature was conducted, as well as in-depth information from the specialists. To build a critical success criteria framework for Bancassurance, the study used an analytical hierarchy approach and a modified Delphi technique. The study was beneficial in identifying important Bancassurance success criteria. Managers were able to use the findings to revise their tactics in order to collect the ineffective Bancassurance techniques. While it was critical to identify regions of high, low, and high relevance, the data revealed that the two were interconnected.

Mwangi (2016) conducted research on the drivers of Bancassurance development in Kenya. The researcher utilized a survey design using all of Kenya's commercial banks as the target population. One bank chief was picked indiscriminately from the entirety of the banks. As indicated by the discoveries of the review, factors driving the reception of Bancassurance included expanded

portion of the overall industry, supplementing center business, buyers getting related administrations under one rooftop, and functional proficiency and adequacy. Likewise, the review found that Bancassurance benefits included higher income, expanded portion of the overall industry, effort to significant customers, and further developed tasks.

4.4.2 Insurance contract cost and its influence on the adoption of bancassurance

The goal of the study was to find out what the respondents thought about the cost of an insurance policy. For all of the replies, the means and standard deviations are computed, and the results are shown in table 4.8.

Table 4.8. Perception on The insurance cost

Statements	N	Mean	Std. Dev
The insurance contract cost affects the uptake of the insurance product by customers and therefore the adoption by the banks	133	3.39	0.73
The protection contract cost is excessively high and along these lines influences its reception by business banks in Kenya	133	3.42	1.15
The bank chooses its insurance provider depending on the cost of the contract	133	3.22	0.88
The expense of the protection contract influences the reception of bancassurance by level one business banks in Nairobi's Central Business District.	133	3.09	1.02
The insurance contract cost affects the uptake of the insurance product by customers and therefore the adoption by the banks	133	3.12	1.03
The protection contract cost is excessively high and accordingly influences its reception by business banks in Kenya	133	3.07	1.06

The data indicated that the respondents believed that the cost of insurance contracts influences bank uptake and, as a result, bank adoption, as evidenced by a mean response of 3.39 with a standard deviation of 0.73. High insurance contract cost charges also deter banks from implementing bancassurance, as evidenced by a mean answer of 3.42 with a standard deviation of 1.15. The bank analyzes the contract cost of the specific insurance company it wishes to insure for when picking an insurance service provider, as evidenced by a mean response of 3.22 and standard deviation of 0.88. Customers' willingness to purchase insurance is influenced by the cost of the contract, according to the respondents. Customers are price sensitive as evidenced by Basilio, (2019) and therefore expensive products are shunned by customers and thus limit the adoption by banks as revealed by a mean response of 3.12 and a standard deviation of 1.32. However, a 2011 study by Njuguna et al on the effects of contract cost on the uptake of bancassurance negates these findings because it found out that the contract cost does not affect the adoption by banks because it is not their core product. According to Kiragu (2014), a company's need to establish and use alternative distribution channels has increased due to the more competitive climate in the financial services industries. Financial liberalization, market convergence, and globalization have all had detrimental consequences for the Banking and Insurance industries. To preserve their client base while also boosting revenue, banks must come up with creative concepts. Insurance firms, on the other hand, must come up with creative solutions to maintain survival in a market with sluggish growth and established markets.

According to Jongeneel (2014), banks have shifted away from conventional income-generating methods and toward non-customary procedures, for example, speculation banking, protections financier, common assets, and protection offices as of late. The banking industry's ever-increasing

competitiveness has resulted in an increase in the cost of money, forcing banks to devise alternate deployment strategies in order to preserve their interest margins. Banks have moved away from traditional lending and towards activities that produce non-interest earnings in the face of falling net interest margins during the last two decades.

At Equity Bank Limited, Nyakundi (2016) directed examination on administration impression of bancassurance as a danger moderation technique. The objective of the review was to check whether Equity Bank and Insurance Companies could address a portion of the administration issues, for example, high advance defaults prompting high credit hazards, client exchanging because of disappointment, declining benefits, and a hesitance to purchase new protection items, bringing about low development. Besides, the review intended to decide if the Bancassurance model was a decent wellspring of income, just as customer obtaining and maintenance, as one of the standards a financial backer would assess prior to putting resources into the Commercial Industry.

According to Mascareigne (2017), creating client happiness and trustworthiness, engaging purchasers, creating obstacles to choosing, and effective communication are all aspects that might lead to customer retention. Other elements that require consideration, particularly in the advertising business, include quality service, correct pricing, and the development of numerous choices for keeping consumers. According to the findings of the survey, businesses utilized highly personalized client retention tactics. The businesses lacked basic or established practices for keeping customers.

4.4.3 Credit risk and its influence on the Adoption of Bancassurance

The researcher also wanted to know what the respondents thought about the impact of credit risk on commercial banks' implementation of bancassurance in Kenya. The means and standard

deviations were determined to help the analyst in reaching proper inferences. Table 4.8 sums up the discoveries of the examination.

Table 4.9. Perception on credit risk

Statements	N	Mean	Std. Dev
The bank has partnered with a reliable Insurance company with an aim of securing its assets in the form of loan products	133	3.89	1.01
Bancassurance necessitates risk management, as well as the consideration of non-life product trading alongside policy maintenance costs	133	3.57	0.94
The bank has policies in place to mitigate some of the anticipated risk on their credit products through banc assurance	133	3.68	1.03
The bank credit risk influences the number of banc assurance products sold by the bank	133	3.62	0.83
The bank has partnered with a reliable Insurance company with an aim of securing its assets in the form of loan products	133	2.409	1.021
Risk management is required by bancassurance, as is non-life product trading, as well as policy maintenance costs	133	3.41	0.73

The outcomes showed that the respondents concurred that the bank has collaborated with a favored insurance agency to get its resources explicitly advance items as uncovered by a mean reaction of 3.89 with a standard deviation of 1.01. Likewise the respondents concurred that Bancassurance requires hazard the executives, just as the thought of non-life item exchanging close by strategy support costs. This is shown by a mean reaction of 3.57 with a standard deviation of 0.94. The

concentrate additionally uncovers that the banks have arrangements set up to moderate a portion of the expected danger on their credit items through bancassurance. This is upheld by a mean reaction pace of 3.68 with a standard deviation of 1.03. Likewise, the respondents concurred that bank credit hazard impacts the quantity of bancassurance items sold by the bank as uncovered by a mean reaction of 3.62 and a standard deviation of 0.83. Nonetheless, the respondents were uncertain on whether the bank has joined forces with a solid insurance agency with a point of getting its resources as credit items as uncovered by a mean reaction of 2.409 with a standard deviation of 1.021.

There was a higher reaction rate as to whether hazard the executives is needed by bancassurance, as is non-life item exchanging, just as strategy upkeep costs as uncovered by a mean reaction of 3.41 with a standard deviation of 0.73. Banka, (2012) in her review on the impact of credit hazard on the reception of bancassurance expressed that keeps money with low credit chances do not push the bancassurance products to the market because of their low risk appetite. Banks that have higher credit risk have higher profits and higher bancassurance products in the market. A further study by Russell (2015) on Russian banks proved that credit risk does not affect the level of adoption of bancassurance and this negates our findings.

4.4.4 Influence of Bank product diversity and its influence on the adoption of bancassurance

The researcher went on to find out what the respondents thought about the impact of bank product variety on commercial banks' adoption of bancassurance in Kenya. The responses were represented by the means and standard deviation values. Table 4.9 summarizes the findings of the study.

Table 4.10. Bank Product Diversity

Statements	N	Mean	Std. Dev
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The need for bank product diversity influences the need to adopt bancassurance by the bank	133	4.01	0.32
The bank has a variety of products and therefore encourages the uptake of bancassurance products	133	3.89	0.77
Banks with a lower variety of products have a lower adoption of bancassurance	133	3.69	0.97
To achieve organizational competitiveness banks should be innovative which will support provision of bancassurance services	133	3.67	0.83
Bank product diversity influences the adoption of bancassurance by tier one commercial banks in Nairobi's Central Business District	133	3.79	1.15
The provision of bancassurance is part of my banks product diversification strategy	133	2.59	1.019

The respondents strongly agreed that the requirement for product diversity impacts the need for the bank to implement bancassurance, as shown in table 4.9, with a mean reaction of 4.01 and a standard deviation of 0.32. With a mean reaction of 3.89 and a standard deviation of 0.77, the respondents likewise concurred that the bank gives a selection of items and along these lines supports the utilization of bancassurance items. This is mirrored by the respondents, who believe that banks with a smaller product portfolio have a lower rate of bancassurance acceptance. The mean response for this question was 3.69 and a standard deviation of 0.97. This concurred with Rauf (2016) who discovered that a higher product diversification increases the uptake of bancassurance because of the variety. procedures were positively related to performance in organizations. Respondents also agreed that bank innovation enhances bank product variety and

increases overall bancassurance uptake, as demonstrated by a mean of 3.67 and a standard deviation of 0.83. Moreover, in Nairobi's Central Business District, there was a higher reaction to whether or not bank item variety impacts the reception of bancassurance by level one business banks, as shown by mean reactions of 3.79 and 2.59, individually, with standard deviations of 1.15 and 1.019. Respondents however fail to agree whether bancassurance is part of the diversification strategy probably because bancassurance is regarded as a necessity and not a product to earn more revenue through diversification.

4.4.5 Adoption of bancassurance by commercial banks in Kenya

The purpose of the study was to find out how respondents felt about commercial banks in Kenya adopting bancassurance.

Table 4.11. Adoption of bancassurance

Statements on Adoption of bancassurance	N	Mean	Std. Dev
My bank has a bancassurance department at the head office	133	4.01	0.91
My bank has a bancassurance department in every branch	133	3.70	0.92
The head of bancassurance in my bank is a qualified bancassurance expert	133	3.65	1.001
Every branch has trained bancassurance personnel	133	3.49	0.73
My bank offers life insurance products	133	3.68	0.70
My bank offers general insurance products	133	3.88	1.03
There is an effort to push bancassurance products in the market	133	2.50	0.14

All staff in the bank are encouraged to cross sell insurance products	3.74	1.15
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The discoveries exhibited that the respondents agreed that in their banks there were bancassurance divisions in head office as reflected in a mean reaction of 4.01 and a standard deviation of 0.91. This clearly shows that the bancassurance product has generally been adopted by tier one commercial banks in Nairobi's CBD. It also means that the banks have placed great importance to the bancassurance department and have given the product independence as a department. This is in tandem with Khisa, (2017) who concurred that the bancassurance product must be let to run independently within the bank as a standalone department but running within the entire bank ecosystem. The staff also agreed that every branch has its own bancassurance department (M=3.70, SD=0.92). This is however a lower mean than the response on the bancassurance department at head office with a response of 4.01. This may be because the head offices may have the bancassurance branches but not all branches may have the same.

The response on whether there is a qualified bancassurance expert at the head office elicited a response of a Mean=3.65 and Standard Deviation=1.001. The respondents agreed that there is a qualified bancassurance expert at the head office. The respondents further agreed that there are qualified bancassurance experts at the branches (M=3.49, SD=0.73). On the products and services offered at the branch, the respondents offered that there are life insurance products offered by the bank k (M=3.68, SD=0.70) and that their banks also offer general insurance products (M=3.88, SD=1.03). The response on general insurance products has a higher mean than life insurance because of the several products within general insurance. However, the respondents disagreed that

there was a general effort by their employers to push the bancassurance products in the market (M=2.50, SD=0.14).

Bancassurance is not the core business of any bank and the bank may concentrate on pushing its own products in the market and not the products of insurance companies even though they earn something from this. This may be the cause of the low score. However, a mean of 3.74 with a standard deviation of 1.15 was observed for whether the bank promotes bank workers to sell insurance products in their company. It is clear that financial variables influenced commercial banks' implementation of bancassurance in Kenya. Previous studies such as Rugut (2013), Oloo (2012), Mwangi (2015), and Otiende (2013) reported on the many drivers of commercial banks' adoption of bancassurance in Kenya. They stated that, in addition to market and industrial considerations, financial reasons have a significant role in the implementation of bancassurance.

4.5 Correlation Analysis

The goal of the study was to determine the underlying connections between the study variables as well as the extent to which the independent factors impacted bancassurance adoption. This link was discovered using correlation analysis and regression analysis. The findings on the connections between financial factors and commercial banks' implementation of bancassurance in Kenya.

Table 4.12. Correlational analysis

	Bank profit	Bank credit risk	Bank product diversity	Insurance contract cost
Adoption of bancassurance Pearson Correlation	0.274	0.303	0.215	0.201

Sig. (2-tailed)	0.001	0.002	0.0012	0.000
N	133	133	133	133

4.5.1 Bank Profit

The discoveries in table 4.10 uncovered a positive affiliation ($r=0.274$, $p=0.001$) between bank benefit and the execution of bancassurance by Kenyan business banks. Besides, at the 0.05 degree of importance, the not really settled to be measurably huge. Subsequently, the review found that the bank's benefit influenced the reception of bancassurance by Kenyan business banks. Therefore, the main theory H01, which demonstrated that bank benefit essentially affected business banks' reception of bancassurance in Nairobi's CBD, was dismissed. Moreover, concentrate on outcomes supported up the exploration idea. This was tantamount to earlier research that found that bank benefit was an indicator of business banks' reception of bancassurance in Kenya (Gasese, 2015).

4.5.2 Bank Credit Risk

The study's second hypothesis was to see if there was any genuinely critical effect of bank credit hazard on business banks' reception of bancassurance in Kenya. The analyst found a positive affiliation ($r=0.303$, $p=0.002$) between bank credit hazard and the execution of bancassurance by business banks in Kenya, as displayed in table 4.10. At the 0.05 level of significance, the association was statistically significant. As a result, the null hypothesis H02, that bank credit risk had no statistically significant influence on commercial banks' adoption of bancassurance in Kenya, was rejected. The researcher concluded that the adoption of bancassurance to a large extend depended on the bank credit risk.

4.5.3. Bank product diversity

The study wanted to know how commercial banks influenced the Nairobi Central Business District in Kenya. The findings indicated a favorable association ($r=0.215$, $p=0.0012$) between bank product variety and commercial bank adoption of bancassurance in Nairobi's Central Business District. At the 0.05 level of significance, the connection was determined to be statistically significant. As a result, H_03 , the null hypothesis that there is no meaningful link between bank product variety and commercial banks' adoption of bancassurance in Kenya, is rejected. As a result, the researcher discovered that the variety of bank products affected commercial banks' adoption of bancassurance in Kenya's Nairobi Central Business District. This supports the findings of Zhenluig and HongChong (2014) and Broucher (2012), who found a positive and substantial link between a bank's product diversification and its adoption of bank assurance. In a similar vein, Kiptoo (2014) identified a link between product diversification and bancassurance product uptake. While it is understood that a low product offering meant that the bank most probably may not be offering the bancassurance product, Pandall (2012) failed to establish the link between a large product offering and the adoption of bancassurance. Nevertheless, Pitzberg and Cambridge (2014) note that the right product offering is very crucial to the performance of a bank and therefore every extra product offering is an addition to the profit revenues of the bank.

4.5.4 Insurance contract cost

The study also endeavored to decide the effect of the protection agreement's expense on business banks' reception of bancassurance in Kenya. The information uncovered an ideal affiliation ($r=0.201$, $p=0.000$) between the expense of the protection agreement and business banks' utilization of bancassurance in Kenya. At the 0.05 degree of importance, the association not really

settled to be genuinely huge. Therefore, the invalid theory H04, which guaranteed that the expense of the protection contract essentially affected the reception of bancassurance by business banks in Kenya, was dismissed. As a result, the researcher found that the cost of the insurance contract had a role in commercial banks' adoption of bancassurance in Kenya. These findings are backed up by Otiende (2013), who claims that the cost of the insurance contract has a significant impact on commercial banks' adoption of bancassurance since banks may be hesitant to take on a costly product that may discourage consumers and limit purchases. Ekulobaba (2015) agrees that a bank would only use bancassurance provided the contract's cost is not prohibitive to the client, preventing the customer from using any other product.

4.6 Regression Analysis

In order to demonstrate the mathematical link between the independent factors and the dependent variable, the researcher sought to construct a regression model for this study. The findings of the multiple regression analysis are shown in table 4.12.

Table 4.13. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.803 ^a	0.6448	0.0623	0.004984

a. Predictors: (Constant), Bank profits, Bank credit risk, Bank product diversification, Insurance contract cost

The model summary revealed that the independent factors and the dependent variable had a positive multiple correlation ($R=0.803$). Furthermore, the independent factors accounted for 64.48 percent of the total variation in bancassurance adoption, according to the R-squared value of 0.6448. (dependent variable). Subsequently, the specialist found a factual connection between the autonomous elements and the reliant variable. Table 4.13 shows the discoveries of the investigation of difference.

Table 4.14. ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	3.405	4	1.039	5.709	0.002 ^b
1	Residual	19.416	133	0.182		
	Total	22.821	137			

a. Dependent Variable: Adoption of bancassurance

b. Predictors: (Constant), Bank profit, bank credit risk, bank product diversification, insurance contract cost

The F-proportion ($F(4, 133) = 5.709, p=0.002$) was observed to be measurably huge at the 0.05 degree of importance. This revealed that the independent factors, when considered combined, had

a substantial impact on commercial banks' adoption of bancassurance in Kenya's Nairobi Central Business District.

Table 4.15. Coefficients

Model	Unstandardized		Standardized	t	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	3.495	0.463		3.537	0.000
Bank profit	0.274	0.133	0.061	0.432	0.001
Bank credit risk	0.303	0.771	1.0274	2.518	0.002
Bank product diversification	0.215	1.0201	0.087	0.746	0.001
Insurance contract cost	0.201	0.037	0.371	1.289	0.000

a. Dependent Variable: Adoption of bancassurance

From the findings adoption of bancassurance products has a constant value of 3.495 in the developed regression model, with all other variables held constant. This implies that paying little mind to the impact of any situation, the bank will embrace bancassurance at a consistent worth of 3.495. The impact of bank benefit on bank reception of bancassurance in Kenya has a various of 0.274 when any remaining components are held consistent. This means 0.274 units of bancassurance reception for each unit of benefit. The impact of bank credit hazard is additionally expanded by 0.303 units. This infers that for each unit of expanded credit hazard, the utilization of bancassurance will increment by 0.303 units. The quantity of items presented by a bank has a different of 0.215, which implies that for each 0.215 expansion in the quantity of merchandise offered, the reception of bancassurance ascends by 0.215 units. At last, the cost of a protection

inclusion has a 0.201-unit impact. The reception of bancassurance is decreased by 0.201 units as the agreement's expense rises. This infers that bank profit, bank credit risk, bank product diversification and insurance contract cost were all significant in predicting the adoption of bancassurance among commercial banks.

4.7. Discussion of Findings

As indicated by the information, most of respondents unequivocally concur that high bank benefits support business banks' execution of bancassurance in Kenya, as confirmed by a mean reaction pace of 3.79 and a standard deviation of 1.03. Nyakundi (2016) directed exploration on administration impression of bancassurance as a danger alleviation procedure. The objective of the review was to check whether Equity Bank and Insurance Companies could moderate a portion of the administration issues, for example, high advance defaults prompting high credit chances, client exchanging because of disappointment, declining benefits, and an absence of readiness to purchase new protection items, bringing about low development. Besides, the review meant to decide if the Bancassurance model was a decent wellspring of income, just as customer obtaining and maintenance, as one of the measures a financial backer would assess prior to putting resources into the Commercial Industry.

Muunda (2016) expresses similar thoughts, stating that because banks are merely distribution outlets, they may not require a large amount of money to engage in bancassurance. According to Benoist (2002), bancassurance necessitates risk management and that non-life product trading must be addressed alongside policy servicing costs. Customers who took out bank loans were required to purchase insurance in the event of death, incapacity, or property theft. Banks obtain economies of scale in the offering of insurance products, according to Capita (2006). For starters, they have a lot more data on individual customers, which is crucial for efficiently pricing risk.

Second, banks, particularly those with a vast network, may be able to realize significant economies of scale. According to Benoist (2002), insurance products may provide immediate benefit to a retail bank's customer service operation, and the bank's sales force can successfully promote them; Analyzing accessible data about a client's financial and social condition may be extremely useful in identifying consumer requirements and advertising or producing new products or services.

Banks must prepare for the potential for client relations to be harmed as a result of increasingly frequent non-life insurance claims. According to Kumar (2016), banks have been using bancassurance for a long time as a means of risk reduction (ensuring asset security) or improving efficiency, particularly in the case of liability products (deposits). Customers who took out bank loans were required to purchase insurance in the event of death, incapacity, or property theft.

These discoveries are predictable with the discoveries of Omondi (2011), who tracked down a generous connection between bank benefit and the execution of bancassurance by Kenyan business banks. Other determinants according to the study that affect the adoption of bancassurance are the market share and the market strategies employed. A differing opinion is from a Nigerian researcher Nogu, (2019) who observes that banks with higher profits do not encourage the adoption of bancassurance as they concentrate on their co business which is banking.

The survey discovered that there was a greater response rate in regards to whether Bancassurance requires risk management and that non-life product trading must be addressed alongside policy servicing expenditures, as shown by a mean answer of 3.41 with a standard deviation of 0.73. Banka (2012) found that banks with low credit risks do not push bancassurance products to market due to their low risk appetite in her study on the impact of credit hazard on the reception of bancassurance. Banks that have higher credit risk have higher profits and higher bancassurance products in the market. A further study by Russell (2015) on Russian banks proved that credit risk

does not affect the level of adoption of bancassurance and this negates our findings. The study also found that banks with a lower variety of products have a lower adoption of bancassurance. The mean response for this question was 3.69 and a standard deviation of 0.97. This concurred with Rauf (2016) who discovered that a higher product diversification increases the uptake of bancassurance because of the variety. procedures were positively related to performance in organizations.

Estrella (2001) looked at direct measurements of possible diversification advantages from financial company consolidation in a research. The study's population was collected from financial businesses, and the data was analyzed using regression statistics. His findings suggest that mergers between the banking and insurance industries might result in bilateral diversification benefits. As per Estrella (2001), these advantages are not bound to life coverage, as expressed by the past journalists, yet additionally incorporate nonlife protection organizations, which bring about more noteworthy enhancement gains than extra security organizations. He additionally shows that life coverage and nonlife protection have solid associations with one another, just as with significant banks. The protection businesses are as of now amazingly fluctuated contrasted with other monetary areas, which is one of the significant reasons that banking-protection mixes increment variety.

The outcomes showed that the respondents concurred that their banks' administrative centers had bancassurance segments, as proven by a mean reaction of 4.01 and a standard deviation of 0.91. This clearly shows that the bancassurance product has generally been adopted by tier one commercial banks in Nairobi's CBD. It also means that the banks have placed great importance to the bancassurance department and have given the product independence as a department. This is in tandem with Khisa, (2017) who concurred that the bancassurance product must be let to run

independently within the bank as a standalone department but running within the entire bank ecosystem. The information show that bank developments minorly affect business banks' profit in Kenya. Given Kenya's quick and continuous reception of mechanical advancement, the public authority should keep on giving more prominent motivators for scholastics to keep investing their energy and abilities in growing new bank developments. It is likewise recommended that the public authority embrace an arrangement to support innovation move from more created economies to empower the reception of a-list developments. More cash for banks because of advancement reception prompts more positions and an expansion in the nation's GDP, adding to the public authority's generally macroeconomic objectives. Therefore, another exploration on the commitment of bank advancements to the public authority's large scale objectives might be embraced.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The goal of the study was to determine the financial drivers of commercial banks' adoption of bancassurance in Kenya, using the Nairobi Central Business District as a case study. This chapter summarizes the key findings as well as the conclusion reached. There are also ideas for additional study and recommendations.

5.2 Summary of the Major Findings

The study's goal was to determine the financial factors that influence commercial banks' adoption of bancassurance in Kenya. The study's specific goals were to look into the impact of bank profit on Kenyan commercial banks' adoption of bancassurance, the impact of bank credit on Kenyan commercial banks' adoption of bancassurance, the impact of bank product diversity on Kenyan commercial banks' adoption of bancassurance, and the impact of insurance on Kenyan commercial banks' adoption of bancassurance. Information was gathered via questionnaires and a supplemental data sheet. Descriptive and inferential statistics were used to examine the gathered data. The findings are summarized in the subsections according to the goals.

5.2.1 Bank Profit and Adoption of Bancassurance

The findings indicated there is a high correlation ($r=0.274$; $p=0.001$) between bank profit and commercial bank bancassurance utilization. A 1% increase in profit correlates to a 27% increase in commercial banks' usage of bancassurance. Profits ensure that a company has the resources it needs to grow and, as a result, expand its product offerings.

5.2.2 Bank Credit Risk and Adoption of Bancassurance

5.2.3 Bank Product Diversity and Adoption of Bancassurance

The regression analysis found a substantial positive relationship between product diversification and commercial bank adoption of bancassurance ($r=0.215$, $p=0.0012$). This means that if a bank expands its product offering, the adoption of bancassurance increases by 22%.

5.3 Conclusions

The goal of this study was to look at the financial factors that influence commercial banks' adoption of bancassurance in Kenya. The study finds that the examined factors explain 63 percent of the variables based on the findings. The bank credit risk, which accounts for 30% of all bank credit risk, is the financial component that has the greatest impact regarding the use of bancassurance. Business keeps money with a higher credit hazard are bound to utilize bancassurance. This may be on the grounds that keeps money with a higher credit hazard use bancassurance to defend their resources. According to the study, the profit of the respective bank impacts 27.4 percent of commercial banks' adoption of bancassurance in Kenya. This is because a bank's revenues are crucial in providing the essential instruments for bancaassurance to be available.

Bank product diversity accounts for 21.5 percent of commercial banks' use of bancassurance in Kenya, according to the report. Banks with a larger product portfolio (21 percent) are more likely to have implemented bancassurance than those with a smaller product portfolio. Finally, in Kenya, the cost of the insurance contract is responsible for 20% of commercial banks' adoption of bancassurance. Bank profitability, bank credit risk, bank product variety, and the cost of insurance contracts were identified to be some of the most important determinants of bancassurance acceptability in general, according to the study. As per the R-squared worth of 0.6448, free factors

represented 64.48 percent of the general variety in bancassurance reception (subordinate variable). The main factor was bank credit hazard, which represented 30% of the aggregate, trailed by bank benefit (27%), bank item variety (21%), and protection contract cost (20%). by bank benefit (27%), bank item variety (21%), and protection contract cost (20%).

5.4 Recommendations

The study makes the following recommendations.

Because of the variety of insurance service providers available in Kenya, commercial banks ought to have the option to arrange positive protection contract rates. The expense of the protection contract is passed on to the client, thus the bank should obtain competitive insurance rates to make it more cheap.

Bancassurance solutions can be used to protect against credit risk while also generating additional revenue for the bank. Banks with a high credit hazard ought to be permitted to benefit from bancassurance by offering it to customers.

The acceptance of bancassurance is influenced by bank profit. To develop competitive bancassurance products, banks should reinvest their earnings and engage in financial innovation. This will also enhance their product diversity, which has been linked to a 21% rise in bancassurance uptake.

Since there are critical hierarchical changes needed to embrace the Banc confirmation business, there is a requirement for a serious top administration that works with the reception and execution of Banc affirmation. Thus, top administration should be effectively and reliably involved all through the reception and execution measure. The tight incorporation of the business power into the branch organization, to adequately sell an expansive scope of items, altogether affects the

reception and execution of the Banc confirmation business. Thus, banks should put resources into preparing in banking, protection, and speculation item information to further develop the business interaction.

To convey a fruitful client experience, incorporated data emotionally supportive networks should be made because of the rising intricacy of product offerings and the business interaction. This involves setting up appropriate customer data sets and coordinating data and exchange handling advances to give buyers with a steady encounter paying little mind to the items or administrations advertised.

Since various models should be utilized in dividing the market for banking, ventures, and protection items, while considering the changing business sector climate that impacts client tastes and inclinations, bank the board should comprehend the qualities and dynamic cycles of its objective fragments.

5.5 Areas for Further Research

This study got feedback from the employees at the head office. The researcher recommends that a study should be done in the entire Nairobi county and feedback gotten from the branch staff because they are the employees who implement the bancassurance model. A further study should be done on factors other than financial determinants that affect the adoption of bancassurance by commercial banks in Kenya. These factors include the market factors and industry based factors.

Further study in the field of consumer reaction to Banc assurance is also required in order to identify customer expectations and views of the Banc assurance, which is critical to the country's success and growth. This research study only looked at the banking sector; however, there is a

need to look at the insurance side of Banc assurance as well in order to get a complete picture of the factors that impact Banc assurance acceptance and expansion in Kenya.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

MBA Student

KeMu Nairobi campus

Dear Respondent,

RE: DATA COLLECTION

I am a student at Kenya Methodist University. I am carrying out a proposal on the financial determinants of the adoption of bancassurance by commercial banks in Kenya. This paper is a requirement for any master of business administration degree qualification. I kindly request you to give me an opportunity to conduct the research in your organization.

The information gathered will be used exclusively for purposes of this study and shall be kept confidential and used only for academic purposes. A copy of all the findings will be made available to you on request.

Thank you in advance for your kind support.

Yours sincerely,

Abdifatah Khalif Hussein

APPENDIX II: RESEARCH QUESTIONNAIRE

Part A: General Information

Please tick (√) appropriately

Position held at bank

Gender (please tick in the box)

- i. Male
- ii. Female

Age of the respondents

- i. 20 years and bellow
- ii. Between 21-30 years
- iii. Between 31-40 years
- iv. 41 years and above

For how long have you been in the bank?

- i. Less than a year
- ii. Between Years 1-5 years
- iii. Between 5-10 years
- iv. 10 years and above

PART B: The influence of Bank Credit risk on the adoption of banc assurance by tier one commercial banks in Nairobi's Central Business District

Please tick the numerical value corresponding to your personal opinion for each statement. Use the scale provided to guide you. Please tick (√) appropriately.

1=Strongly Disagree, 2=Disagree, 3= Moderate, 4=Agree, 5=Strongly Agree

Bank Credit Risk	1	2	3	4	5
The bank has partnered with a reliable Insurance company with an aim of securing its assets in the form of loan products					
Bancassurance requires risk management and that trading in non-life products need to be considered alongside the expenditure in servicing the policies					
The bank has policies in place to mitigate some of the anticipated risk on their credit products through banc assurance					
The bank credit risk influences the number of banc assurance products sold by the bank					

PART C: The influence of Bank Profitability on the adoption of banc assurance by tier one commercial banks in Nairobi Central Business District

Please tick the numerical value corresponding to your personal opinion for each statement. Use the scale provided to guide you. Please tick (✓) appropriately.

1=Strongly Disagree, 2=Disagree, 3= Moderate, 4=Agree, 5=Strongly Agree

Bank profit	1	2	3	4	5
My bank makes high profits and therefore is able to adopt bancassurance					
My bank makes low profits and therefore is unable to adopt bancassurance					
Bancassurance is costly to adopt and therefore its adoption is low amongst banks					
High bank profit helps the bank to diversify and therefore able to adopt bancassurance					
The bank profitability influences the adoption of bancassurance by commercial banks in Nairobi's Central Business District					

High profits increase the resources available for bancassurance product innovation					
Bank profits project a profits project a positive image for the bank and therefore enhance the adoption of bancassurance					

Part D: The influence of insurance contract cost on the adoption of banc assurance by tier one commercial banks in Nairobi’s Central Business District

Please tick the numerical value corresponding to your personal opinion for each statement. Use the scale provided to guide you. Please tick (√) appropriately.

1=Strongly Disagree, 2=Disagree, 3= Moderate, 4=Agree, 5=Strongly Agree

Insurance contract cost	1	2	3	4	5
The insurance contract cost affects the uptake of the insurance product by customers and therefore the adoption by the banks					
The insurance contract cost is too high and therefore affects its adoption by					
The bank chooses its insurance provider depending on the cost of the contract					
The cost of the insurance contract affects the adoption of bancassurance by tier one commercial banks in Nairobi’s Central Business District					

PART E:

The influence of Bank Product Diversity on the adoption of banc assurance by tier one commercial banks in Nairobi’s Central Business District

Please tick the numerical value corresponding to your opinion for each statement. Use the scale provided to guide you. Please tick (√) appropriately.

1=Strongly Disagree, 2=Disagree, 3= Moderate, 4=Agree, 5=Strongly Agree

Bank Product diversity	1	2	3	4	5
The bank has a variety of products and therefore encourages the uptake of bancassurance products					
Banks with a lower variety of products have a lower adoption of bancassurance					
To achieve organizational competitiveness banks should be innovative which will support provision of bancassurance services					
Bank product diversity influences the adoption of bancassurance by tier one commercial banks in Nairobi's Central Business District					

PART F:

Adoption of bancassurance by commercial banks in Kenya	1	2	3	4	5
My bank has a bancassurance department at the head office					
My bank has a bancassurance department in every branch					
The head of bancassurance in my bank is a qualified bancassurance expert					
Every branch has trained bancassurance personell					
My bank offers life insurance products					
My bank offers general insurance products					
There is an effort to push bancassurance products in the market					
All staff in the bank are encouraged to cross sell insurance products					
My bank has a bancassurance department at the head office					

SECONDARY DATA COLLECTION SHEET

NAME OF PRODUCT	NUMBER OF PRODUCT LINES	NUMBER OF PRODUCT TAKEN UP BY CUSTOMERS
Life insurance		
General insurance :Credit life insurance		
General insurance: Motor insurance		
General insurance: Health insurance		
General insurance: Travel insurance		
General insurance: Home Insurance		

APPENDIX III: BUDGET

S/No.	ITEM	ACTIVITIES	AMOUNT
1	Proposal writing	a) Printing	9,000
		b) Photocopy	6,000
		c) Purchase of reference books/materials	3,000
2	Project presentation and defense	a) Printing	17,000
		b) Photocopy	9,000
		c) Research assistant fee	6,000
		d) Contingencies (10% of the total budget)	5,000
GRAND TOTAL			55,000

APPENDIX IV: LIST OF TIER I COMMERCIAL BANKS IN KENYA

1. Kenya Commercial Bank
2. Equity bank
3. Cooperative Bank
4. ABSA Bank
5. NCBA Bank
6. Standard Chartered Bank
7. Stanbic Bank
8. Diamond Trust Bank (DTB)

Source: Kenya Bankers Association (2018-2021)



KENYA METHODIST UNIVERSITY

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Fax: 254-64-30162
Email: info@kemu.ac.ke

Our ref: NAC/MBA/1/2019/8

26th JUNE, 2019

Commission Secretary,
National Commission for Science, Technology and Innovations,
P.O. Box 30623-00100,
NAIROBI.

Dear Sir/ Madam,

RE: ABDIFATAH KHALIF HUSSEIN (BUS-3-1677-2/2017)

This is to confirm that the above named is a bona fide student of Kenya Methodist University, undertaking Masters in Business Administration. He is conducting a research titled **FINANCIAL DETERMINANTS OF THE ADOPTION OF BANCASSURANCE BY COMMERCIAL BANKS IN KENYA. A CASE STUDY OF TIER ONE COMMERCIAL IN NAIROBI CBD..**

We confirm that his thesis proposal has been defended and approved by the university.

In this regard, we are requesting your office to issue a permit to enable him collect data for his Masters dissertation.

Any assistance accorded to him will be appreciated.

Yours faithfully,

DR. Evangeline Gichunge, PhD.
ASS DIRECTOR POSTGRADUATE STUDIES



Encl.

APPENDIX V: NACOSTI PERMIT

THIS IS TO CERTIFY THAT:
MR. ABDIFATAH KHALIF HUSSEIN
of KENYA METHODIST UNIVERSITY ,
83963-80100 Mombasa,has been
permitted to conduct research in
Nairobi County

Permit No : NACOSTI/P/19/60192/31869
Date Of Issue : 24th July,2019
Fee Received :Ksh 1000

on the topic: FINANCIAL
DETERMINANTS OF THE ADOPTION OF
BANCASSURANCE BY COMMERCIAL
BANKS IN KENYA A CASE STUDY OF TEIR
ONE COMMERCIAL BANKS IN NAIROBI
CBD

for the period ending:
23rd July,2020



A handwritten signature in blue ink, appearing to be 'Abdifatah Khalif Hussein', written over a dotted line.

Applicant's
Signature

A handwritten signature in blue ink, appearing to be 'Rahma', written over a dotted line.

Director General
National Commission for Science,
Technology & Innovation

