MANAGERS' PERCEPTIONS ON HOW THE SELECTED BANCASSURANCE ASPECTS AFFECTS THE PERFORMANCE OF INSURANCE COMPANIES IN KENYA

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DECLARATION

I declare that this research thesis is my original work and has not been presented in any other university.

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DECLARATION BY SUPERVISOR

This research thesis has been submitted for examination with our approval as university supervisors.

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DEDICATION

This research is dedicated to my family members who offered their support in various ways throughout the research process. These incudes my Father Johnston Njeru, husband Wycliffe Luvusi and my sons and daughter, Jeremy Luvusi, Prince Luvusi, Abigael Zawadi. In addition, I dedicate this work to Equity Bancassurance director David Muchiri and Bancassurance team lead by Benson Njatha who ensured that all my tasks within the bank are successfully completed while I was busy working on this project.

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ABBREVIATIONS AND ACRONYMS

AIG:	American International Group
AKI:	Association of Kenya Insurance
ALICO:	American Life Insurance Company
ANOVA:	Analysis of Variance
BIM:	Bank Insurance Model
BRITAK:	British American Insurance of Kenya
CBK:	Central Bank of Kenya
CEE:	Central and Eastern Europe
CLM:	Customer lifecycle management
GDP:	Gross Domestic Product
IRA:	Insurance Regulatory Authority
NBFIs:	Non-Banking Financial Intermediaries
OIM:	Outdated Insurance Model
RBV:	Resource-Based View
SPSS:	Statistical Package for Social Scientists

ABSTRACT

One of the major recent advancements in the financial industry is offering insurance services and products by banks. This is what is commonly referred to as Bancassurance. In this case, the insurance services and products are offered alongside different banking services and products. The banks can offer the insurance services independently or in collaboration with the insurance companies. Bancassurance has been seen as a tool utilized by the insurance organization to gain competitive edge and overcome stiff competition in the industry. The main aim of this study was to find out the perception of managers on how the selected bancassurance aspects affects the performance of insurance companies in Kenya. The aspects related to bancassurance that were considered includes products or services type, administration-economies of scale, customer lifecycle management, and sales promotion tool. This research was based on innovation theory, the dynamic capabilities theory, and modern portfolio theory. A descriptive survey research design was applied in this study. The study targeted 506 management staff who were drawn from the major listed insurance companies in Kenya. The research used a random sampling technique to pick the sample size participants. Primary data were acquired using questionnaires. The research tools were allocated among the selected participants using different reference points, such as departmental managers. Moreover, data analysis was done using Statistical Package for Social Scientists (SPSS) computer software. The qualitative data was thematically coded and then statistically analyzed. Besides, content analysis was utilized for data that is qualitative in nature or aspect of the data obtained through the use of open-ended questions. Different approaches such as the use of tables and graphs were used to display information. The research revealed that Bancassurance products or services type affect performance of Insurance organizations in Kenya greatly. The study further showed that performance of insurance companies in Kenya is boosted by enhanced value and distribution channel optimization very greatly. In addition, study revealed that the customers trust and convenience enhanced the performance of Insurance firms in Kin the country vary greatly. The study also found that sales promotion tool affected performance of insurance companies in Kenya greatly. The study concluded that Bancassurance products or services type had the greatest impact on the success of insurance companies in Kenya, followed by Bancassurance customer lifecycle management, then Bancassurance sales promotion tool and finally administration-economies of scale had the least effect. The research proposes that the insurance organizations in Kenya should make sure that the client is guided by comprehending the market and directing the company's resources towards meeting the needs of the clients and by evaluating the capacity to deliver what is required by the client.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Over the years, financial sector has undergone various key transformations which includes policy changes as well as improvement in technology that have impacted financial services provision. In several parts of the globe, changes in regulations have led to flexibility in financial services provision as well as promotion of competition among financial institutions. This is as a result of elimination of limitations which have affected horizontal as well as vertical expansion of the financial institutions previously (Alavudeen, 2015). Profitability increases as well as facilitation of faster multiple activities processing and monitoring at reduced expenses have been facilitated by technological progress. So far, the key changes which the financial institutions have undergone is the emergence and expansion of banc assurance which is combination that offers both banking and insurance services offering of bank and insurance (Almajali et al., 2012). Bancassurance commonly referred to as BIM is a term which describes the link or association amongst the bank and insurance companies where the bank is used by the insurance firm for selling their products. This is an aspect aim at enhancing service by banks and insurance firms. Bancassurance has been majorly tailored towards dealing with the constant changes in the expectation of customers. With the technological advancement, customers expect insurance companies and banks to improve on the delivery of their services and products. Bancassurance gives the insurance firms an opportunity of maintaining a small number of employees as most products and services are being sold in the bank to banking clients by the staff of the bank (Borjas, 2013). However, the premium received for different insurance products and services is not the same as when the insurance companies are involved in all the development and sales processes.

Since banks are involved in dealing with millions of customers, they can easily understand about their patterns related to saving and can easily know the customers who can purchase certain insurance products. There has been a significant growth in the distribution of insurance products and service by banks not only in Kenya but across the globe. For instance, in the regions such as Europe, almost half of the total life insurance is sold by the banks. This has had had a huge impact in the financial performance of the banks in this region. In Colombia, 44% of the insurance policies were sold through the commercial banks in 2019. This represents a significant increase of approximately 43% since 2015 (Hussein, 2021). In Brazil, 80% of the life insurance policies are sold by the banks. In 2021, more than 30% of the new insurance products sold were sold by the banks. This shows how the world is shifting towards bancassurance. This shift is likely to have a huge impact on the performance of insurance companies.

Globalization and other aspects in the financial industry has made the collaboration of banks and insurance companies easy. In Europe, Bancassurance have had a successful trend, however this model is very new in most of African countries and specifically Kenya (Frame & White, 2014). According to Hussein (2021), banks and insurance companies are more similar as compared to their differences and this favors joint production as well as collaboration in other business aspects.

Regionally in Africa, the market share of bancassurance channels and customer participation levels are rising (Kilbone, 2015). Bancassurance offers a decent opportunity for banks to extra income. This allows the institutions to overcome various challenges related to reduction on profitability contributed by stiff competition in the industry. There has been consent increase in the number of banks globally seeking collaboration with the insurance firms. As a business generating channel, Bancassurance have increasingly become key to insurance companies, particularly for the new private players operating under strict business regulations (Yahaya &Lamidi, 2015).

While there has been significant improvement in Bancassurance, little is still known on known about its impact on the financial performance of the insurance companies especially in Kenya. Very few studies have focused on this topic. Even though the adoption of Bancassurance in the country is significantly increasing, its future impact on the financial performance of the insurance companies is not clearly known. Besides, the theoretical underpinning related to the topic has not been fully explored. This will be achieved by fully addressing the research objectives and testing the hypothesis as defined in the following sections.

1.1. 1 Insurance Companies in Kenya

For more than 60 years now, Insurance in Kenya is acknowledged to have been in place with early insurance firms believed to be held by British insurers in the colonial era (Chepkoech & Omwenga, 2016). Kenya's insurance industry is described as resilient in that the industry has shown it can survive and thrive despite different challenges that occur from time to time. Enhancing sound business practices, acceleration of insurance penetration and awareness creation among the public are some of the main roles of Association of Kenya Insurance, the body that was founded on 1987. This where the operations of the insurance firms are centralized (Association of Kenya Insurers [AKI], 2015).

There are more than 55 registered insurance companies in Kenya. This number has been significantly increasing from time to time. Despite the high number of insurance companies in the country, market penetration remains lower as compared to other countries in Sub-Saharan region, leaving many insurance companies competing for small number pf customers (Association of Kenya Insurance (AKI), 2015). Kenya has remained under tapped in insurance even though the recent growth rate is promising as it has significantly improved. As of June 2015, the sector recorded a growth rate of 16.1% and is expected to hit 19% by 2018 (Cytonn, 2015). Insurance

Regulatory Authority (IRA) has the responsibility of regulating, supervising as well as the necessary development is achieved in the insurance industry. Despite the licensing of many insurance companies and increased scrutiny, recent trends have seen many companies collapsed, suspended, delisted while others are opting for mergers and acquisition owing to declining performance and failure to even meet the minimum capital required by Finance Bill 2015 (Wanyama & Olweny, 2013). Those that survived this turbulent moment were cited by Cytonn (2015) to be innovative, adaptive to changes and engaging in expansion regionally. This forms the backdrop under which this study is conducted to establish what these companies can use to boost their performance and avoid risk of failure.

In addition, insurance companies and banks in Kenya have some kind of operating partnership. Insurance companies secure consumer credit thereby creating some complementary products for the available insurance services. The banking and insurance industries are merged by the consolidated financial services industry. This merger has therefore improved on the growth potential of the Bancassurance models (Juma, 2015). The adoption has vastly spread across the rural areas, where the branch networks are limited to a greater extent. With the enhanced inclusion of commercial and banking utilities wishing to increase the variety of services provided to customers, the ideal chance exists for both industries to join into a Bancassurance partnership. Most banks in Kenya have embraced insurance models by combining with most insurance companies (Kiptis & Wanyoike, 2016).

In 2005, the CFC group acquired ALICO Kenya and consequentially rebranded to CFC Life. A latest action competed the acquisition of AIG insurance company by the CBA. The centralized financial services trade can see the merger of insurance and banking business. Different banks such as Equity has combined effort to ensure successful incorporation pf insurance services. The move has boosted the performance of the banking sector in offering insurance products and services. This is a good opportunity for the advancement and progression of Bancassurance penetration in the Republic of Kenya. However, one of the major challenges is lack of awareness on the existence of Bancassurance among the consumers (Magweva & Marime, 2016).

1.1. 2 Performance of Insurance Companies

Insurance company's performance is an indicator of achievement of the business as it includes the structure of the real productivity or outcomes of the business as evaluated against the company's planned goals. The output of the business obviously enables the business to measure its advancement towards the accomplishment of the predetermined goals. Banks and insurance companies, just as other companies around the globe rely heavily on positive performance so as to ensure intended productivity level. Company performances are measured yardsticks that determine the fate of the company regardless of the volatility of the markets the operate in (Waweru, 2014). These measurements include the profitability, the liquidity, the solvency and the efficiency of the company.

Several businesses around the globe have depended on business efficiency measurements to measure the real outcome and its deviation from the standard outcome. The performance of the company plays a crucial role in management and in making strategic decision and consideration. Different companies use different yardsticks or measurement tools that define the extent of performance in the company. Insurance companies measure their performance by the number of customers they have, the number of products they sell, profitability and liquidity. The number of customers in most of the companies have been increasing as a result of the introduction of bancassurance which has made their services available in bank partners (Xu & Wanrapee, 2014).

1.1.3 Conceptualization

Bancassurance is defined as a model of insurance distribution in which the products of insurance are sold via the network of bank branches. This model significantly depends on various banking groups' presence as the insurance companies' promoters. The banks have the ability to make bancassurance a very effective way of achieving the financial goals (Borjas, 2013). The clients of the bank having higher mean premium per capita provides a quick means for insurers' growth. There is availability of wide range of financial products accessible through the bancassurance model. These include motor vehicle insurance products, life insurance products and home and property insurance products. The kinds of products or services provided by the banking insurance system is believed to have a significant impact on the performance of insurance companies. Motor vehicle insurance products are the most accepted type of insurance policy in the insurance industry owing to the liability and government policy in which every operator of a motor vehicle must be insured. Different researchers have also discovered that the competition in the insurance industry is increasing year after year (Frame & White, 2014). For instance, the rates for motor vehicles comprehensive covers have been significantly changing with time. The rate used on motor vehicle comprehensive insurance in 2007 was 7.5% of vehicle's value. On the other hand, the rate dropped to 3.5% in 2014.

The Economies of scale are the cost advantages which companies get as a result of size, output or operations scale (Xu & Wanrapee, 2014). The economies of scale in Bancassurance are as a result of similar operations carried by banks and insurance firms. Both insurance companies and banks deal with stocks, both providing liquidity, having the same management and cash management knowledge, taking on risk spread and relying on large-scale legislation (Omondi, 2013). Xu and Wanrapee (2014) argue that banks take economies of scale advantage coming from the large numbers law. In insurance, this implies that the expected loss allocation is approaching a real profit with a rise in the sample. In fact, they enable products that are complimentary. CLM or customer lifecycle management is the assessment of a number of client-related metrics which, when assessed for a period of time, indicate business performance (Borjas, 2013). The overall range of the CLM execution method includes all areas or organizational features that commonly take all dynamic and static, value-added services and marketing processes to a consistent decision that encourages the scheme through customer acquisition, maintenance, cross-selling and lapsed iterative win-back phases (Kilbone, 2015). To improve customer engagement, insurance companies have implemented bancassurance in collaboration with various banks. The sales promotion strategy is a key component of overall strategy of marketing predominantly in strategy of promotions. It directly aims at induction of buyers to purchase goods. It is a device for promoting the sales for meeting a particular target. An organization need to change sales approaches from time to time due to changes in the market conditions (Kiptis & Wanyoike, 2016). As a sales promotion instrument, Bancassurance encourages the employees of the member bank to buy insurance policies as it has a big amount of client networks. Since banks have more assets, more clients and more staff than insurance companies, the insurance companies can use bank capabilities to encourage the selling of their products and services (Kajirwa, 2015).

1.2 Statement of the Problem

Over the past, insurance companies have been facing different financial challenges. These challenges have always been attributed to globalization, high competition, changes in technology, and policy changes among others. Besides, low uptake of insurance and the current market conditions has put strain on income among insurance firms not only in Kenya but across the globe. Whit the constant financial innovation, bancassurance has been considered the way to go. The regulations related to bancassurance in Kenya are strict and this is one of the reasons there are few Commercial Banks involved in the provision of insurance policies.

As stated earlier, few studies related to bancassurance in Kenya has been carried out. Srilatha and Reddy (2021 evaluated the profitability of bancassurance in India. Locally, there are no extensive research on how the effects of bancassurance practices and other aspects can affect the performance of insurance companies. Njeri (2017) examined the impact of banking insurance on the outcomes of insurance companies in Kenya. Trickxie (2014) researched on the impact of bancassurance on the financial performance of Kenya's commercial banks. Based on all the studies considered, it is evident that little has been done to explore the effect of different bancassurance practices on the financial performance of insurance companies in Kenya.

The studies have majorly focused on growth of bancassurance and none of them has assessed the effects of related practices on the performance of insurance companies. Therefore, the researcher in this study has attempted to the knowledge gap by evaluating how selected organizational practices linked to bancassurance affects the performance of insurance companies in Kenya.

1.3 Objectives of the Study

1.3.1 Main Objectives of the Study

The purpose of this study was to establish the impact of bancassurance on performance of insurance organizations in Kenya.

1.3.2 Specific Objectives of the Study

This study aimed to achieve the below objectives;

i. To determine the effect of bancassurance products or services type on performance of insurance companies in Kenya.
ii. To assess the effect of administration-economies of scale in relation to bancassurance on performance of insurance organizations in Kenya.
iii. To examine how bancassurance customer lifecycle management affect performance of insurance companies in Kenya.
iv. To determine the impact of bancassurance sales promotion tool on performance of insurance organizations in Kenya.

1.4 Research Hypothesis

H_{01}: Bancassurance products or services type has no great impact on performance of Kenyans' Insurance companies.

H_{02}: Administration-economies of scale in relation to bancassurance have no significant impact on performance of insurance firms in Kenya.

H_{03}: Bancassurance customer lifecycle management has no significant impact on performance of insurance organizations in Kenya.

H_{04}: Bancassurance sales promotion tool has no significant effect on performance of insurance companies in Kenya.

1.5 Significance of the Study

With the bancassurance concept recognition, this research would be very significant to stakeholders discussed hereunder:

1.5.1 Academic Researchers

The research would contribute to the current knowledge body in the bancassurance sector. The results might be utilized by other researchers as a reference source. Additionally, academic researchers might require the study results in stimulating further studies in regard to insurance distribution channels areas in particular through banks (bancassurance) and as such, it would constitute the foundation of a strong further study context.

1.5.2 Policy Makers

The research would as well be of great importance to the government in formulating policies in regard to liberalization of financial market and other financial sector law requirements. Two agencies of the government, i.e., Central Bank of Kenya (CBK) Insurance Regulatory Authority (IRA), whose portfolios are under the concept being referred to as macro policy makers.

1.5.3 Decision Makers in Insurance Industry

Kenyan insurance businesses could utilize the obtained information in this research for exploring the alternate channels in order to maximize the market penetration level and also anticipated to assist the insurance firms in coming up with bancassurance operation strategies. The study findings would be very significant to the executive staff of various SACCOs in Kenya. This research would continue to offer knowledge into the impact of disclosure of intellectual capital on the economic sustainability of SACCOs.

1.6 Study Scope

The primary objective of this study was to examine how the selected Bancassurance aspects affects the performance of Kenya’s insurance organizations. The study concentrated more on the effects of products or services type, administration-economies of scale, customer lifecycle management and sales promotion tool. It covered the insurance companies’ managers and other employees.

Based on the researcher, this supplied an appropriate population and sample for the research and thus offered credible outcomes and conclusions.

1.7 Limitation and Delimitations of the Study

During this study, the researcher was faced with a challenge of non-response. The approach of drop and pick questionnaire strategy never aided in resolving this issue. In addition, some of the respondents were not able to provide all the necessary information as some of the information was considered confidential. Besides, the time factor was one of the major challenges. Some of the respondents were available for only less than 30 minutes. This time was considered too short to obtain all the information. Rushing through some of the questions could have a significant impact on the data collected.

1.8 Operational Definitions

Bancassurance: Sale of insurance and financial products and services using the same platform, most frequently through financial insurance sales.

Performance of insurance organizations: This is an indicator of the achievement of a business, since it includes the structure of the real productivity or the outcomes of the business as evaluated against the expected goals of the business (Peng et al, 2017).

Customer lifecycle management: This refers to analysis of multiple customer related metrics for a specified duration in order to draw a company's performance (Ikpefan, 2016).

Economies of scale: this relates to the price benefits that companies acquire on the basis of volume, production or scale of activities (Xu & Wanrapee, 2014).

Sales Promotion tools: These are significant components of the general marketing strategy, especially in the advertising policy, with the objective of immediately causing purchasers to purchase item or service (Millette et al., 2020)**.**

Products or Services Type: These are usual arrangement in which a policyholder promises to pay a monthly premium and the insurance company promises to reciprocate the same by compensating for the losses suffered by the insured (Alavudeen, 2015).

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Suitable data was evaluated in this chapter, that is connected and compatible with the research objectives. It has introduced and critically examined important issues and practical problems in attempt to identify the current facts. This chapter is essential in that it sets out the information that links the present research with previous ones and what future studies would require to be explored in order to enhance understanding.

2. 2 Theoretical Review

The theoretical review was anchored on several theories that helped indicate how the insurance company's function. These include the dynamic capabilities model, modern portfolio theory, and diffusion of innovation theory. Each of these theories is discussed below.

2.2. 1 Diffusion of innovation Theory

This theory is more concerned with the speed at which products, services, practice and ideas among others spread through a population (Millette et al., 2020). There are four variables that influence the spread of new ideas. These variables incudes the communication channels, time actual innovation, and social systems. Of great significance is that innovations need to be widely accepted in a larger area so as to be sustained. As per Yudelson (2005), when mapped innovation adoption in the long run forms a curve which is S shaped is developed. The curve starts with the innovators then early adopters and then laggards.

The successfulness of an innovation will originate from the put forward resolutions by the social systems via 5 phases. These phase incudes knowledge: such as awareness of innovation and constant learning; persuasion which imply willingness of having comprehensive knowledge in regard to innovation; resolution, i.e., merits and demerits consideration of the innovation and whether to implement the innovation choice; application and finally confirmation, which is final decision on innovation adoption (Xu & Wanrapee, 2014). One of the limitations of diffusion of innovation model is that it doesn't explain the significance of the various inter-connected business partners' capability and the dynamics and the power between business partners influence (Ikpefan, 2016).

Communication channel is described by Jongeneel (2011) as a key contributor to the new innovation adoption success in the firm. As an efficient channel of communication, it creates prior new innovation awareness, the partners in trading have to work together for ensuring the financial innovations success (Ikpefan, 2016). Financial innovation in various business and adoption is spearheaded by this theory. Diffusion is important to this research as it illustrates how economies of scale influence the insurance companies in Kenya efficiency.

Even though this theory has different benefits to this study, different limitations exist. One of the limitations is that most of the evidence related to the theory incusing adopter categories have minimal connection with the business practices. This theory was developed to be applied in different foiled such as healthcare and agriculture among others. In addition, the theory does not foster a participatory approach to adoption in business practices and programs. The theory is usually simplified to focus majorly on invocation of product. Therefore, other factors such as the economic aspects that determines how the product is adopted into the society are ignored. The adoption of this theory is also limited poorly define aspects related to introducing and innovation or idea (Xu & Wanrapee, 2014). For instance, managers in various insurance companies can provide conflicting information related to the Bancassurance adoption. This affects the adoption of Bancassurance and the trust of related products and services by the customers.

2.2. 2 Modern Portfolio Theory

Markowitz in 1959 and 1952 posited this theory where he developed a portfolio problem so as to offer prove that through combination of various assets to create a portfolio, a company/business is in a position to ensure maximization of the expected return and consequently reduce the risk (variance) (Kilbone, 2015). Based on this theory, Markowitz utilizes the standard deviation and variance to measure risk. He indicates that for efficiency of diversification, the organizations should be able to determine precisely how to minimize the standard deviation of a given portfolio through capitalization of a coefficient negative correlation t (i.e., selecting investment of stocks /options which move together in a market).

This theory is significant in determining how well diversification or bancassurance can reduce investment portfolio's' risks (Cytonn, 2015). Insurance companies find it progressively hard and expensive to maintain their productivity as a result of the deregulation, liberalization, and development of the sector. Since 1980s, there has been a sharp interest margins decrease on loans on Insurance companies which have made them partner with banks to sell their policies (Ladina, 2014).

By engaging in bancassurance business, it implies that insurance companies are being involved in portfolio diversification. This could lead to a decrease in levels of risk. A client becomes more contented and will stay loyal if different financial services are provided to them accordingly and when required. Besides, this could have an important effect on the financial institution's long-term income. By being a one-stop shop financial platform, a financial institution will get the best opportunity to grow. Bank realizes extra income known as fee income as a result of the growth of Bancassurance, moreover; diversification has advantages in relation to and scope economies that ultimately translate to maximized income streams by insurance firms (Dontis-Charitos et al., 2011). This theory refers to the research in that it describes diversification with a view to boosting economic efficiency and customer lifecycle management is among the aspect’s insurance companies have adapted to enhance their financial performance.

On the other hand, this theory does not model the market. The values of the theory are expected returns derived from various mathematical calculations. In some instance, these calculations are not correct. Therefore, what can be seen from the modern portfolio theory graphs might not be actual representation of the market due to the wrong calculations. There is no statistical model that can be utilized to accurately predict what is happening in the market. In addition, the theory does not take into account all the costs related to an investment. For instance, if the theory is used in the context of Bancassurance, the present conditions of market are only considered and no other costs that are likely to affect the profitability of banks and the insurance companies. Therefore, the insurance firms might not be able to accurately determine their performance (Kilbone, 2015). Besides, the theory assumes that all the companies and investors have same credit. In the insurance industry, not all the organizations have the same financial capability. The assumption that investors are rational and risk averse is also one of the major limitations related to this study. The risk appetite can vary from one insurance firm to another and from one investor to another.

2.2.3 Dynamic Capabilities Theory

This theory is more concerned with the ability to build, integrate and reconfigure the resource over time. In terms of endowments, capabilities, and resources, organizations are said to be heterogeneous. These aspects also make the organizations outstanding in their own sense and cannot be easily modified. As a result of this ‘stickiness’, a resource-based view indicates that an organization’s competitive advantage originates from the techniques that exploit current company-based assets.

Over the past, literature has proven that an asset’s stock is not sufficient for an organization to preserve its profitable benefit or build resilience during unpredictable and rapid changes (financial crisis) (Alavudeen, 2015). Capabilities (entity procedures needed to configure organizational properties in a beneficial means) are essential in allowing a company to develop flexibility to market shocks. The idea of dynamic capabilities is thus essential at this point because it emphasizes the asset’s configuration, management strategies, adaption, and reconfiguration in order to gather for the environmental changing needs (Wanyama & Olweny, 2013).

Alavudeen (2015) indicated that dynamic capability aids organizations in developing a reservoir of resources that would allow them achieve future sustainable competitive advantage. The theory is important for the researcher in such a manner that the means to be utilized by a good number of retail commercial institutions or banks to attain competitive advantage, boost resilience against unforeseeable market shocks and by so doing bancassurance is achieving diversification (Kamau et al., 2016). The theory explained how the products or services type affects the companies’ performance of Kenya.

On the other hand, the use of the theory specially in the Bancassurance context has various limitations. The theory does not allow organizations to effectively satisfy all the potential needs. Therefore, this affect how new products or services are adopted in the market. For new products or services to be successful, organizations should engage in comprehensive marketing practices. This is usually costly and it has a hug impact on the profitability of an organization. Difficulty in accurately determining the correlation between firm performance and dynamic capabilities is also one of the major limitations related to this theory. The correlation forms the basis of the theory and ability to measure it accurately determines its success.

2.2. 4 Marketing Mix Theory

The theory defines the ingredients of marketing mix to include distribution channels, packaging, planning, personal selling, promotions branding and distribution. It is composed of everything that a company can undertake to influence the demand for its commodities. It is also a tool for planning, execution and marketing. The marketing mix can be grouped into four categories of variables called four P's of marketing and it consist of price, product, place and promotion. The aim is to ensure decisions that Centre the four Ps on the clients in the target market in so as to develop perceived value and ensure positive response (Almajali et al., 2012).

The marketing mix structure is specifically helpful in the mid days of the marketing concept, when physical products or facilities are depicted in a bigger part of the economy, including the estate sector, motor vehicles and life insurance (Kiptis & Wanyoike, 2016). Today, the range of insurance advertising is more incorporated into organizations and with a broader range of goods and services that can rise from three percent to double-digit annually (Jongeneel, 2011).

The market mix theory gives advantages to bancassurance in that there is unanticipated support since it gives extension by combining the banking services and insurance services. Due to integration of banking and non-banking to undertake financial activities, customers become more confident. The collaboration between Jubilee Insurance and Rafiki Bank to offer bancassurance services resulted in a mix of products under a single roof to bank members. In most cases, non-banking organizations marshal government money to provide other financial services, among them equity (Pandey, 2015). All such organizations are financial intermediaries, and when they borrow, they are regarded as investment institutions such as UAP, ICEA Lion Group, Invesco and others or non-banking financial intermediaries (NBFIs). Financial institutions that largely comprise of commercial Banks have devised varies product and services to suit the changing needs and demands from their clients. They provide corporate services intended to meet specific user preferences. This customization may include deposits and credit services given that the core role of banks is the provision of financial and nonfinancial services (Magweva & Marime, 2016).

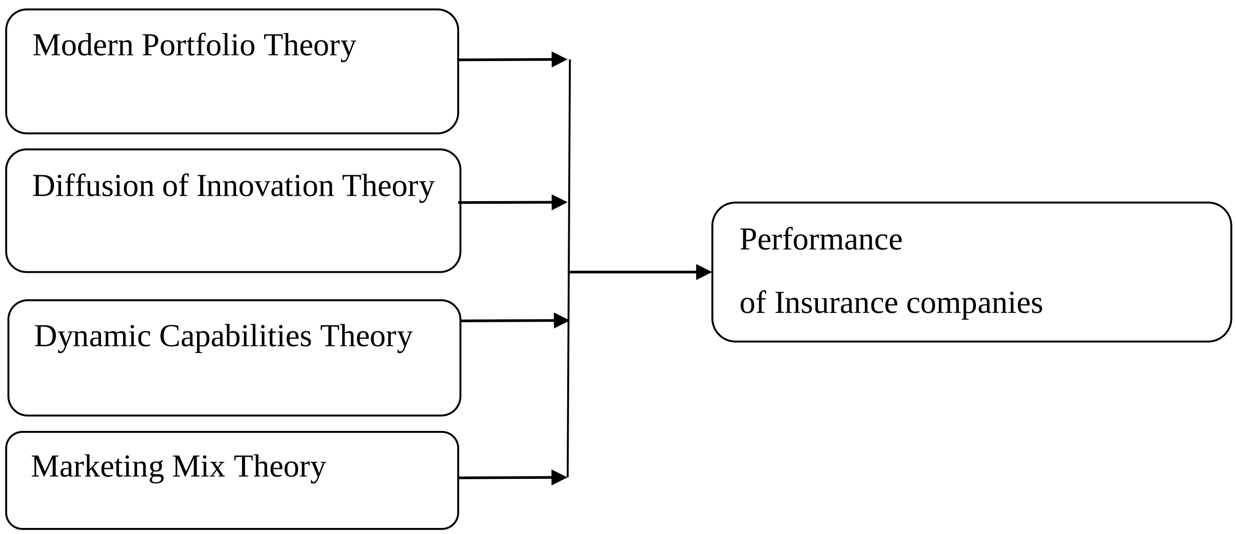
Financial services include accepting cash, cheque deposits and provide credit services while non-financial services mainly involve training, custodian of legal certificates and precious properties. The insurance sector is a key part of non-banking financial sector. It offers security by reduction of risk as well as promotion of people's welfare (Pandey, 2015). The collected funds are in premium form and provides long term capital to the industrial sector thereby assisting in economy industrialization. This theory was applicable to this research as it outlines how bancassurance can be used as a sales promotion tool to enhance the performance of Kenyan insurance companies.

Even though the benefits related to this theory has been recognized across different fields, different criticism exists. The claim that the theory can limit creative potential of marketers and entrepreneurs is one of the major limitations related to this theory. Both the specific and general models related to the theory confines an organization or an individual within predetermined set of elements limiting creative and critical thinking. In addition, it appears that the model focus more on products than the services (Almajali et al., 2012). This is one of the reasons that can limit its application in the Bancassurance. In Bancassurance, to the products and services are considered. The theory is also more important to the organizations that operated based on a business-to-business model. In addition, the theory does not take into account the need to align the financial goals or objectives with the marketing goals of the company. This usually results in a decision that can result in a poor performance of an organization. For instance, all the costs including those related to marketing are important in Bancassurance. Therefore, all the elements related to the Bancassurance should be considered while determining how it affects the performance of the insurance companies. The theory cannot also stand on its own when utilized as a tool to analyze competitors. If used without the combination of other models, it cannot provide enough information related to the market conditions. Therefore, it must be used alongside various analytical tools. Its accuracy also depends on the quality of information used.

2.2. 5 Theoretical frame work

Figure 2. 1:

Theoretical Framework



2. 3 Empirical Studies

This section considered different studies carried out relevant to this study. Global, regional, and local studies were considered in this case. This aided in identifying the research gap and therefore the need to carry out the study.

2.3.1 Global Studies

Srilatha and Reddy (2021) carried out a study of bancassurance in the Indian industry. The main aim of the study was to determine whether bancassurance payoff. The study reveal that the performance of the insurance firms had significantly increased with the introduction of bancassurance. Besides, the study showed that Bancassurance had contributed to improvement in the awareness on the existence of the insurance products. However, the study revealed that the Bancassurance had contributed to the improved performance in only the top 30% of the insurance companies in the country. Srilatha and Reddy (2021) also noted that the greatest beneficiaries of the Bancassurance are the banks. Some of the banaks in the country has been licensed to offer insurance products and services without collaboration with the insurance companies. One of the major limitations that was evident in this study is the use of small sample size. A total of 40 insurance firms were selected for the study. This had a significant impact on outcomes of the study.

In addition, Marzai and Neagu (2018), evaluated different aspect related to Bancassurance in the North American MARKET. The main aim of this study was to determine the significance of Bancassurance models in the performance of insurance companies in the market selected. The study revealed that the type of Bancassurance model used has a huge impact on the performance of the insurance companies. The study reviewed different Bancassurance models that has been adopted by various insurance companies and banks. It was evident that the insurance firms that use models that look into all the needs of the customers are more successful. This study used a sample size of 221. This sample size is big enough to ensure accurate results.

In the Chinese insurance industry, there has been a constant increase in the adoption of Bancassurance. Minghui et al. (2020) in their study sought to establish social sustainability of Bancassurance in China. The study revealed that the Chinese government should increase subsidies, remove policies that restrict expansion of bancassurance, and offer more convenient financial services for the most of the small and medium-sized enterprises. It was evident from the study that the Bancassurance has considerable social sustainability impact. In this study, total of 113 questionaries were distributed. A total of 105 completed questionnaires were considered valid for this study. Considering the size of the insurance industry in China, the total number of questionaries considered during the study is too low. In this case, the outcomes might not represent the actual situation of social sustainability of Bancassurance in the Country.

Chen (2019) examined corporate reputation, marketing channel, and financial performance of life insurance. This study was carried out based on Bancassurance in Taiwan. The empirical outcomes of the study showed that marketing through bancassurance minimizes the underwriting service quality and therefore negatively affecting the reputation of the insurer. Besides, the study showed that Bancassurance has different advantages since it reduces the business expenses leading to high profitability of the insurance companies. In addition, the study established that there is a positive correlation between corporate profitability and reputation. Also, the impact of bancassurance on profitability, corporate reputation, and quality of services improved with an increase in the market maturity. The overall results show that the life insurance companies should be keen on the service quality when marketing through bancassurance. This is because of a significant impact of service quality of profitability and reputation of the organization.

Verma and Kansra (2019) assed the popularity of bancassurance of in India based on the socioeconomic aspects. From the study, it was found that insurance services offered by banks serves the socioeconomic needs of the customers. However, the study revealed that most of the customers were not aware of the existence of bancassurance. This was attributed to different aspects such failure by the Indian bank to create awareness on the existence of such services. This study offers an important information related to how the bancassurance services benefits the customers.

2.3.2 Regional Studies

Agbo and Nwankwo (2020) carried out a Research on Bancassurance in Africa. The avenue for insurance inclusion was considered during this study. The study reviewed the evolution of Bancassurance in the continent to find out the factors that has contributed to its slow growth. This study identified various challenges that are faced by the insurance companies and banks while implementing bancassurance. One of the major challenges that was identified is the business policies that has restricted the expansion of Bancassurance. Lack of awareness among the customers is also one of the major challenges that was identified. Several intermediaries and unregistered insurance brokers are also one of the factors that has limited the expansion of bancassurance in Africa according to Agbo and Nwankwo (2020). The study recommended policy change and adoption of the right business models to ensure rapid expansion of Bancassurance in the region.

Mpaata et al (2020) carried out the study on the determinants of bancassurance adoption in the emerging economies. The researchers use a case study of Uganda. The study revealed that the economic development is one of the major adoptions of Bancassurance adoption. When compares to other countries such as South Africa, it was found that the bancassurance adoption in Uganda is still low. The marketing approaches and models was also found as one of the major determinants of bancassurance adoption. The study considered 56 insurance firms in the country. The study showed that 82% of the insurance firms considered attributes the low bancassurance penetration to poor economic development in the region. Dow to wide variation in the economic development across the region, the outcomes of the study might not represent the actual situation of bancassurance penetration in other African countries.

2.3.2 Local Studies

Isabwa and Wekesa (2018) sought to find out the impact of bancassurance on profitability of identified commercial banks in Kenya. The period in question was between the years 2012 to 2016. Profitability was operationalized into Return on Equity, Return on Asset, and Net income. The descriptive survey approach research was adopted. Purposive sampling was utilized to select respondents; six best commercial banks in Kenya consisted of the target population. These were banks offering bancassurance services. Multiple regression analysis and Descriptive statistics and were used to was analyse data. Graphs and tables were used to present data. The research discovered a statistically significant impact of interest income from acquisition and the risk diversification customer retention, and bancassurance, on financial performance of identified commercial banks in Kenya. The profitability of the banks under study was not affected by number of insurance products on offer. In this case, the research concludes that Bancassurance is a major component of the banks revenue stream and it should be majorly considered as the banks struggle to remain profitable.

Isabwa and Wekesa (2018) attempted to assess the effect of banking insurance on the financial results of Tier 1 bank insurers in the country. A philosophy of positive studies was embraced. Explanatory research design was used in the study. Statistical package of social studies version 24.0 assisted in the assessment of data. Descriptive statistics including standard deviations mean, percentages, and frequencies were used in the research. Regression inferential statistical techniques and Pearson correlation have also been integrated into the research. The research discovered that there was a strong positive connection between bank insurance and ROE ($r=.607^*$, $p= 0.013$) at a 95% confidence interval. At 95 per cent confidence interval, Bancassurance had no considerable connection with ROA. At 99 percent confidence interval the bank-insurance had a not significant moderate relationship with the ROA ($r = .570$, $p = .154$). Bancassurance had a significant positive impact on the financial performance of the Tier 1 bank assurers ($\beta = .890$, $p = 000$, $\alpha<0.00$). The value of adjusted R-square is 0.777 indicating that 77.7% of total variation of the financial success of the Tier 1 bank assurers is illustrated collectively by banc-assurance events. The research concluded that banc-assurance has a considerable effect on the financial success of Tier 1 banks providing insurance services and/or products. Tier 1 bank insurers should find a scheme that provides both huge anticipated yields and low variance when selecting the finest scheme for diversification.

Also, Orora (2018) examined the influence of bancassurance financial performance of Kenyan banks and indicated that Kenyan banks run in a Kenyan dynamic and highly profitable and Investment Avenue with an increasing return on assets ratio, declining asset to liability ratio, and reducing cost to income ratio. The study used a descriptive research design. When the performance of bancassurance was examined, the outcomes indicated that increasing profitability, increasing return on investment, and increasing return on assets with 96% of the financial institutions that have implemented bancassurance showing profits. It was established from the research that bancassurance financial performance considerably influences the overall profitability of the banking industry.

Kiptis and Wanyoike (2016) assessed the impact of bancassurance on economic success of commercial Banks in the Kenyan Nakuru Town. The research utilized a descriptive design utilizing quantitative techniques. The target population of research was all 180 employees in the eight banks engaged in bancassurance in the region selected. A close-ended questionnaire was utilized in the primary data collection while secondary data was obtained from the CBK. The financial statements of the period 2010-2014 were used. The Statistical Package for Social

Sciences Version 21 was utilized for data analysis and the outcomes obtained were presented in form of tables. The research revealed that at 5% significance level, capital adequacy asset quality, and management quality all had positive impact on financial success with the highest influence from the management quality. Furthermore, the research found that liquidity had a negative and inconsequential impact on the economic outcomes of banks ($p = 0.076$).

Morara and Sibindi (2021) examined the determinants of the financial performance of insurance companies. One of the major considerations on this study was the banaks through Bancassurance as the major contributor of financial performance of insurance companies in Kenya. Using factors such as earnings per share profitability, asset returns, cost reduction and liquidity, the research attempted to demonstrate how banking insurance had an impact on these financial elements of insurance firms. A descriptive study design has been used for research purposes. Descriptive study design was selected as it allowed the study to draw conclusions on the results for the larger population. The descriptive strategy achieved the goal (bank insurance) by defining the information and features of the trend population being investigated. The target population of the research was all 51 duly licensed insurance organizations in Kenya and the survey was carried out at the firm's office, most of them located in Nairobi County. Management employees have been chosen as sampling units. Particularly, 98 participants were selected to minimize the loss of information collected without compromising the completeness of the information (Morara & Sibindim, 2021). The utilization of questionnaires has been recommended, as their answers are collected in a consistent manner, making them more meaningful than interviews. The questionnaire was semi-structured, with open and closed questions for both quantitative and qualitative data. Before the main research, pilot research was carried out on five participants spontaneously chosen from the licensed insurance companies. The information collected from the questionnaires was processed by coding and editing, and the information was then entered into the assessment database. The results of the research have shown that the organizations are experiencing an increase in revenues as a result of the implementation of banking insurance, which in turn has led to an improvement in the profitability of insurance firms. In terms of cost reduction, the results indicated that the rise in the number of customers in every product bundle industry reduces charges; that the level of competition in the economies of each package also reduces charges; that quality products have higher average costs; and, lastly, that cross-holdings lower rates and banking insurance lowers rates. Price reduction decreases if both approaches are combined. As a result, the results of the study show that banking insurance increases the return on the investment of the insurance company, as companies prefer to increase their ownership of the property in an attempt to reduce the risk (Morara & Sibindim, 2021). In addition, the outcomes indicate that Bancassurance improves the earnings per unit of the insurance company, which can be replicated by increased return on assets and profitability. Lastly, the results show that Bancassurance improves the firm's liquidity.

Rotich (2016) carried out study on the effect of marketing intelligence on bancassurance sales among major financial companies. A cross-section descriptive survey design was utilised. 26 commercial banks consisted of the target population that had enacted banking insurance by December 2015. The research used primary data gathered using questionnaire data evaluated using descriptive statistics utilizing SPSS. Regression analysis was utilized to determine the influence of marketing intelligence on Bancassurance sales performance. The research results indicated that most banks have implemented the means of adjusting approaches to boost customer’s value. Besides, it was discovered that marketing intelligence aspects that are less implemented by banks include developing and utilization of marketing information systems to investment in R&D to discover new knowledge, obtain market information, and carrying out pilot studies on new client preferences.

In addition, Dolvine and Muturi (2019) determined the impact of bancassurance on the Kenyan bank’s financial performance. A descriptive study design was used. The main target was nine Kenyan commercial banks which have considered bancassurance. Census approach was adopted due to the size of population of Kenya’s financial institutions that have considered bancassurance. Secondary data were gathered from the financial statements of commercial banks and CBK audited from 2008 to 2012. The SPSS software was utilized to analyse data and the results showed a slight favourable and substantial impact of banking insurance on the economic results of Kenyan commercial banks.

An investigation on how Kenyan insurance firm’s performance is affected by bancassurance on the was carried out by Chepkoech and Omwenga (2016). The study hypothesized that bancassurance had significant influence on liquidity, profitability and customer base. Descriptive research design has been embraced. Questionnaires were used to gather primary data and 87 participants from 10 insurance companies were picked using simple random sampling. Descriptive and regression analysis was utilized to analyse the information. The study outcomes disclosed a favourable and substantial connection between banking insurance and client base, liquidity and profitability. Prior to the regression analysis, it would have been suitable to embrace an exploratory factor analysis. The use of a sample of 87 may not have been a true representative of insurance beneficiaries of bancassurance products. Since insurance companies have differentiated products, it would have been appropriate to have its influence on specific insurance products.

Chepkorir and Mugo (2018) attempted to investigate the impact of banking insurance on the economic outcomes of commercial banks mentioned on the Nairobi Securities Exchange. The survey used a descriptive, census-based research model covering 11 commercial banks registered in Kenya. It depended on both the primary and secondary data collected from the participants as well as the financial reports of the said companies in order to define the connection between the research variables. Data on the financial performance of the mentioned companies were gathered using structured questionnaires and data collection sheets. Then it was evaluated with the assistance of the SPSS using statistics such as frequencies, percentages, means and standard deviations. The results were displayed in tables. The research found that banking insurance (r= 0.177) had a weak correlation with economic performance.

Ng'etich (2017) analyses the contribution of bancassurance to the insurance sector and the recent trends of bancassurance on the performance of banks. The target population was all commercial banks in Kenya. A sample was done for tier 1 local banks in Kenya. The study uses a descriptive research design. Data is represented in tables and charts. The methodology used was an analysis using the CAMEL parameters. The findings are: Capital adequacy analysis shows that the banks' level of solvency is good. Asset Quality analysis shows that the financial position of the banks is strong. Earnings and profitability analysis tend to be contradicting the hypothesis since the investment in the insurance agency was still quite low. The banks however managed to balance their liquidity and profitability.

Njeri (2017) attempted to evaluate the impact of banking insurance on the outcomes of insurance companies in Kenya. The particular targets of the research were to determine the impact of bank insurance on life insurance, motor vehicle and home and property products on the output of insurance companies in Kenya.The study was hinged on theory of push and pull and market mix theory. The study used a descriptive research design. Simple random sampling was used to draw 106 respondents from 55 insurance companies in Kenya, from whom primary data was collected with a structured questionnaire. Descriptive, correlation and regression analysis were used to analyse the data which was presented in table and figures. Results of the study revealed a positive and significant relationship between bancassurance life insurance products, motor vehicle insurance products and insurance performance while home and property insurance had positive and not significant relationship.

Nasir et al (2021) carried out research on the effects of bancassurance as a penetration strategy used by insurance companies in Kenya. The research design used in this study was cross sectional descriptive survey of a defined population as it involved a study of all the eighteen insurance companies which use banc assurance as a channel of distribution. The questionnaires were used in the collection of data and data collected cleaned, coded and entered Statistical Package for Social Sciences (SPSS). Descriptive statistics was used to analyse the data; frequencies, percentage (relative frequency), mean and standard deviation Presentation was in form of table, charts, graphs and explanation presented in prose. Results of the research indicate that bank insurance has improved insurance take-up by enhancing its delivery lines, gaining fresh clients while maintaining the ancient and gaining client’s confidence, unlike traditional officials, as most clients trust banks and frequently attend them. The insurance companies have also gained a competitive edge through tapping into existing bank customers' database in the various branches as well as using the well-trained staff and innovative marketing channels such as online marketing and e-sales.

Kamau et al. (2016) examined the nexus between bancassurance awareness and Kenyan commercial banks’ performance. Descriptive research design and simple random sampling were used to pick 288 respondents from 12 commercial banks that had implemented banking insurance.

Primary data were gathered through the use of organized questionnaire. Both the description and the regression analysis were used to analyse the information. The results of the research disclosed a favourable and substantial connection between the understanding of banking insurance and the results of commercial banks. This study was in support of financial intermediation theory and it lowered transaction cost and minimized risk exposure since information asymmetry was evaluated through use of existing database.

of investors.

Isinta (2019) studied the challenges facing the success of insurance services provision in Tanzania. The study used a descriptive research design. The research was performed on insurance companies listed and licensed by the Tanzania Insurance Regulatory Authority on 31 July 2012. Data was gathered using questionnaires aimed at company growth managers in self-addressed envelopes. The findings were evaluated using descriptive cross-section design as well as co-relational research owing to the qualitative nature of the information. Key results from the research indicate that the delivery of insurance services in Tanzania faces a multitude of problems that inhibit progress. Due to these difficulties, the sector remains to record poor reach, as many individuals stay uninsured. Many of the problems described in the research need to be resolved by stakeholders if the sector is to obtain a consumption rise from its present 0.84%. The difficulties included awareness, an outdated legal environment, an absence of powerful business strategy, allegations of bribery and bribery, undercapitalisation, legal restrictions on fresh forms of delivery such as banking insurance, poor oversight and absence of professional learning centres contributing to a shortage of qualifications required in the sector.

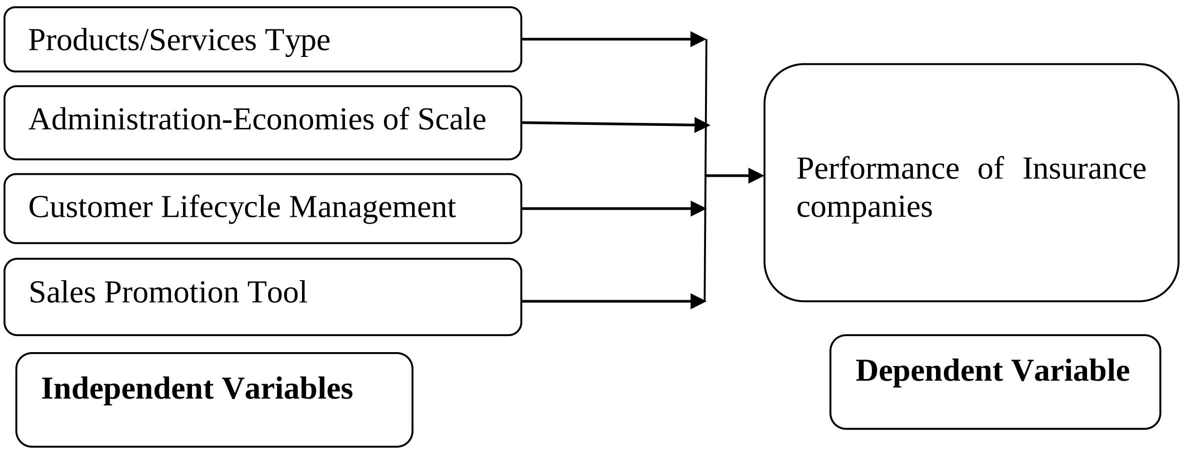
Further, Osindi (2018) explored the impact of banking insurance on the economic performance of Kenyan commercial banks. The total population of the research was 42 commercial banks operating in Kenya. Data was collected from 41 out of 42 institutions with a response rate of 97.62 per cent. The research used a descriptive cross-sectional research design and a multiple linear regression model was used to assess the link between the variables. based on the results, the research discovered that 33.7% of the differences in economic performance of Kenyan commercial banks allow for four chosen independent variables, while 66.3% of the differences in economic output of Kenyan business companies do not fall within the adjusted R-square. It was also demonstrated that there was a strong and substantial impact on economic results by independent variables (R=0.580). The findings further disclosed that bank insurance, equity adequacy and bank size generated beneficial and statistically important scores for this research. Liquidity was discovered to be a statistically insignificant determinant of the economic results of financial banks. This research proposes that steps be placed in position to enhance banking insurance among business banks, as this would boost their financial efficiency.

2. 4 Conceptual Framework

Theoretical and conceptual issues of the research are considered in a conceptual framework and forms a coherent and consistent basis which underpins the existing variables development and identification (Xu & Wanrapee, 2014). The goal of this study was to evaluate the influence of banking insurance on the performance of Kenyan insurance firms. The independent variables in this study are products/services type, administration-economies of scale and customer lifecycle management of scale and sales promotion tool. Accordingly, this research identified independent variables that affect the dependent variable that was performance of Kenyan insurance companies.

Figure 2.2:

Conceptual Framework

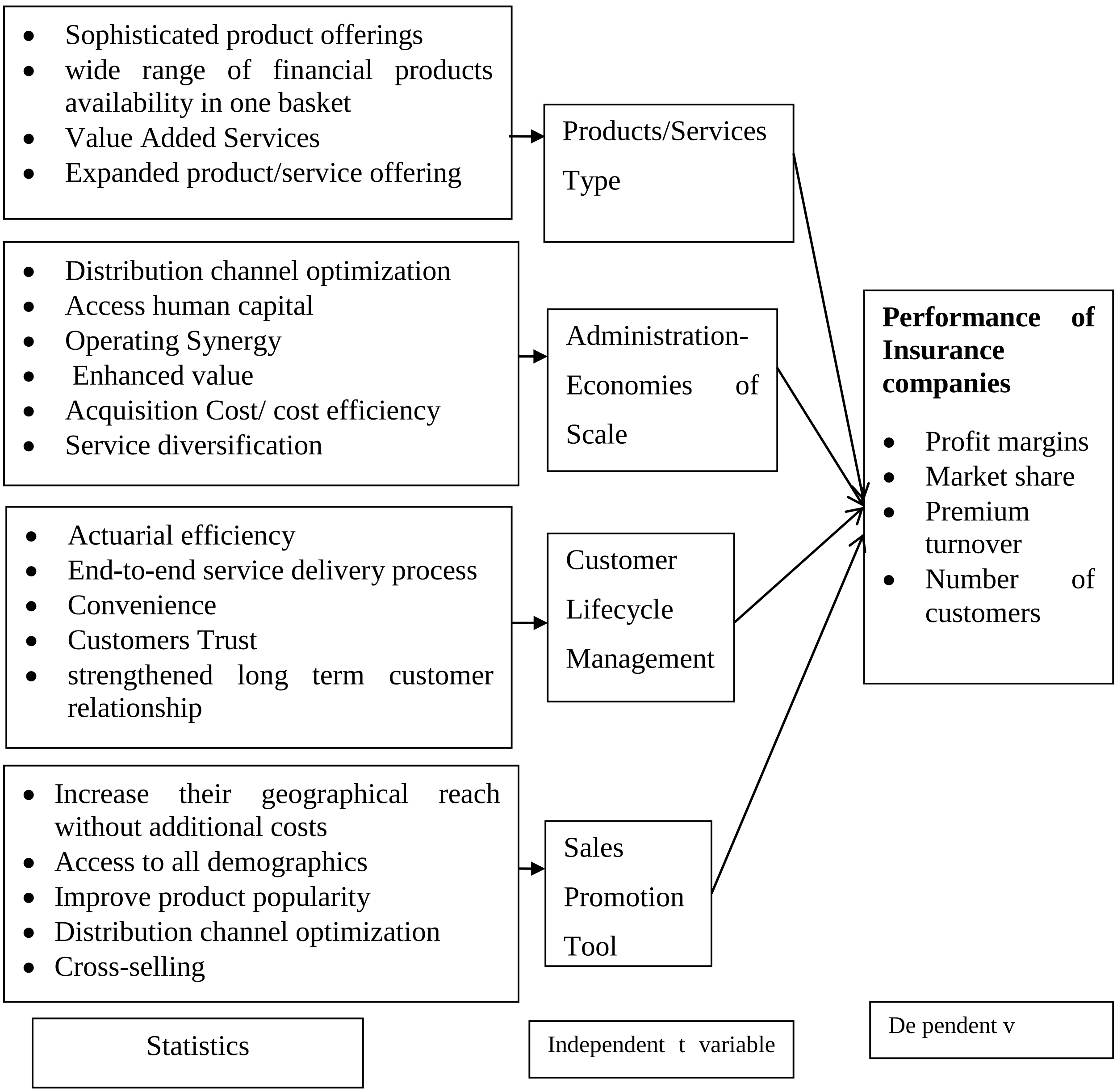


Source : Author, 2019

2. 6 Operationalization

Figure 2. 3:

Operational Framework



The research attempted to find out the impact of banking insurance on the performance of insurance firms in Kenya. Products or services type, administration-economies of scale, customer lifecycle management and sales promotion tool where the independent variables of the study include while performance of insurance organizations in the country was the dependent variable. On the effect of products or services type on performance of insurance firms in Kenya, the study used sophisticated product offerings, availability of variety of financial products in a single basket, Value Added Services and Expanded product/service offering as indicators. On the effect of administration-economies of scale on performance of insurance companies in Kenya, the study used distribution channel optimization, access human capital, operating synergy, enhanced value, acquisition cost/cost efficiency and service diversification as indicators. On the effect of customer lifecycle management of scale affect performance of insurance companies. The study utilized actuarial efficiency, end-to-end service delivery process, convenience, customers trust and strengthened long term customer relationship as indicators. On the influence of sales promotion tool on performance of Kenyan insurance firms, the research used increase their geographical reach without additional costs, access to all demographics, improve product popularity, distribution channel optimization and cross-selling as indicators. To measure the performance of insurance companies in Kenya, the study used profit margins, market share, premium turnover and number of customers.

2.7 Summary and Research Gap

Bancassurance is defined as a model of insurance distribution in which the products of insurance are sold via the network of bank branches. This model significantly depends on various banking groups' presence as the insurance companies' promoters. The banks have the ability to make bancassurance a very effective way of achieving the financial insurance sector inclusion since they have more than 80,000 branches spreading across the length and breadth of the country. The clients of the bank having higher mean premium per capita provides a quick means for insurers' growth. The insurance products complementary nature towards the advances of the bank offers collaborations in entire financial sector operations. The accessibility ease to clients of bank minimizes the costs of servicing, contributing to lower insurance policies lapsation as well as lowering the economy costs. The Banks perceive the insurance business value as a result of products' complementarity, derived fee income from the distribution of insurance as well as advances recovery ease in an event borrower's death or properties destruction. Various banks being insurance companies' promoters as well as gain when companies' valuation goes up as a result of bancassurance derived synergies.

Several research has been conducted on the performance of Kenyan insurance firms. For example, (Mwiti, 2013) conducted research on the effect of banking insurance on the financial performance of commercial banks in in the country. (Njeri, 2017) did research on the effect of banking insurance on the performance of insurance firms in Kenya. (Juma, 2015) examined the effect of banking insurance on the financial performance of insurance companies in Kenya with a survey of insurance organizations in the County of Nairobi. In addition, (Osindi, 2018) explored the impact of banking insurance on the financial performance of Kenyan commercial banks (Chepkoech & Omwenga, 2016) carried out a survey on the impact of banking insurance on the results of insurance firms in Kenya, while Trickxie (2014) examined the impact of banking insurance on the financial results of commercial banks in Kenya. However, none of the research studied concentrated on the influence of banking insurance on the results of insurance companies in Kenya depending on product or service style effects, scale economy leadership, customer lifecycle management and sales promotion tools. The research therefore sought to assess the impact of bank insurance on the results of Kenyan insurance companies by focusing on the impact of client life-cycle leadership and sales promotion instruments.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter majorly focused on general scheme, structure or plan conceived to help in answering the questions raised. This chapter summarizes the methods applied and research techniques applied during the study. It in cooperates the population being targeted, instruments of collecting data, sampling and sample designs, analysis of data and collections procedures.

3.2 Research Design

According to Creswell (2017), the study design relates to a scheme, blueprint or manual for analysis and collection of information. The research was both quantitative and qualitative in design as per the goals of the research. This study applies the design of the descriptive research survey. Descriptive survey research gives researchers the opportunity to utilize both qualitative and quantitative data to obtain information and features on the population or incident being researched. Data collection for descriptive survey research provides number of benefits as it can provide a very multifaceted strategy through interviews, observations, questionnaires and participation (Yin, 2017).

3.3 Population of Study

Creswell (2017) states the research population as the group that the researcher wishes to conclude and the sample as chosen team to be part of the study. It is a subset of the population concerned. It consists of a choice of insurance companies in Kenya. During data collection employees and the managers in the organizations were involved. There were approximately 506 individuals from the selected insurance companies who aided in answering different questions defined in the questionnaires. The population targeted was as shown in Table 3.1.

Table 3. 1:

Target Population

Level of management	**Target population**	**Percent**
Low level managers	221	43.7
Middle level managers	178	35.2
Senior level managers	107	21.1
Total	**506**	**100.0**

3.4 Sample Frame and Sampling Technique

Sampling refers to the process in which a number of objects or individuals from a population for instance that the selected group has elements representative of the characteristics found in the whole group are selected. Random sampling approach was utilized in this study to select respondents.

Random Random sampling is a sampling approach where each sample has equal chance of being selected. A sample selected random is usually unbiased representation of the entire population. (Yin, 2017).

The sample size is a group of people that is intended to be full demographic representative. The research achieved a sample of 112 by assessing the target inhabitants of 506 with a confidence level of 95% and a 0.05 error of using the (Creswel, 2017) formula illustrated;

$$n = \frac{N\,(cv^2)}{Cv^2 + (N-1)\,e^2}$$

In this case, n= sample size

Cv= Coefficient of variation (take 0.6)

N = population (506)

e= tolerance of desired level of confidence (take 0.05) at 95% confidence level)

$$n = \frac{506\ (0.6^2)}{0.6^2 + (506-1)\ 0.05^2} = 112.09\ (\text{Rounded off to } 112)$$

For convenience, the researcher rounds the sample size ' n' to 112 which was driven by that 30 per cent of the population can be utilized to establish the good sample size of the entire population. The stratified proportionate random sampling formula I = n (N / P) was used to obtain the desired sample size from each stratum (Kothari, 2009). Where: I am the number of participants to be sampled in the stratum, n is considered as the size of the sample, N is the population of the specific stratum, P is the population of the stratum. The sample size of every stratum was obtained using method I = n (N / P).

3.5 Research Instrument

The self-administered surveys were utilized to obtain primary information. The questionnaire included questions that are both open-ended and closed which addressed questions relating to the performance of the insurance company. The researcher used the open-ended questions to enable the respondents to give their honest answers without being hindered in giving any information and closed-ended questions to enable them to answer from the limited choices presented. Saunders (2009) stated that open or unstructured questions are used for getting specific answers whereas closed questions are the simplest to respond. The researcher used the questionnaires in a bid to save time and resources and also enable an easy analysis of the data as they are immediately usable.

3.6 Pilot Study

The researcher carried out a pilot test before the actual study was carried out. Pilot test usually involves testing the research instrument in the environment or conditions similar to the research but no results are reported. This is essential in identifying different issues that are likely to be experienced during research and necessary changes made. This is important in ensuring accuracy of the study. In this case, a total of five insurance companies were selected during pilot testing. The outcomes of this pilot testing indicated that there are no major challenges that are likely to affect the outcomes of the study. The result form the pilot test was not part of the final study.

3.6.1 Validity and Reliability

Validity refers to the ability of an instrument to accurately measure what it is aimed to measure. Peers doing research in various areas and have successfully completed their research thesis and my supervisors from the KEMU was involved in the validation process. The instruments were given to the supervisor and three peers. They verified the tools on the grounds of content and face validity and made sure that the questions in each questionnaire captured the objectives of the study.

A pilot test was conducted with a sample of 15 participants at the insurance companies in Nairobi. The pilot test helped in identifying problems of clarity in the instruments to ensure that the items in the study instruments yield the required data for the main study. Returned questionnaires assisted the researcher to refine the survey instruments. To boost the clarity and comprehensibility of the questionnaires, difficult words were replaced with simpler ones; certain items were reworded to improve the understanding level.

3.7 Data Collection Procedure

Structured questionnaires were utilized due to the variable's nature in which the respondents' opinions, perceptions and feeling were sought. The study tools were shared among the specific participants using different points of reference, such as departmental managers. Adequate assistance was given to managers who discussed it with research participants in attempt to comprehend and answer the questions that were asked correctly. Questions concerning both independent and dependent variables were included in the questionnaire. In order to enhance the reliability and precision of the data, the participants were helped and supported during the completion of the questionnaire. This assured that only a few questionnaires had been dismissed.

3.8 Data Analysis

Thematic coding of qualitative information was carried out and then statistically evaluated. Content analysis was utilized in analyzing qualitative data from open-ended questions. The information was presented in tables, graphs and in prose form.

Multiple regression analysis was done to determine the inferential data analysis. This was utilized for establishment of the link amongst the variables both independent and dependent. The multiple linear regression models were selected since it's crucial in determining the respective independent variables that are significant to the dependent variable (Bryman & Cramer, 2012). Because the study had four independent variables the multiple linear regression model generally took the following equation;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where: -

Y= Performance of insurance companies in Kenya.

β_0=constant

$\beta_1, \beta_2, \beta_3$ and β_4 = regression coefficients

X_1= Products or services type

X_2= Administration-economies of scale

X_3= Customer lifecycle management

X_4= Sales promotion tool

ε=Error Term

3.9. Permission

Before carrying out the study, the permission was sought from all the insurance companies concerned. During this period, the researcher outlined the nature of data to be collected. In addition, the researcher assured these insurance companies of privacy of any information and data collected. This study was also carried out with the permission of the Kenya Methodist University (KEMU). The National Commission for Science, Technology and Innovation (NACOSTI) provided some guidelines on some of the aspects that can contribute to data breach before giving a go ahead to continue with the project.

3.10 Ethical Considerations

One of the major ethical considerations related to this study is privacy. The respondents were assured of the privacy of the data and information they provided. Besides, the privacy related to their personal details was guaranteed. Informed consent is also one of the major ethical considerations related to this study. In this case, the participants were required to give consent before entering into the research. Respect for dignity of all the respondents was also one of the major ethical considerations related to this study.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION OF FINDINGS

4. 1 Introduction

The study examined the impact of banking insurance on the Kenyan insurance companies' performance. Specifically, the research aimed to find the influence of products or services type, administration-economies of scale, customer lifecycle management of scale and sales promotion tool on the Kenyan insurance companies' performance. This section gives information on the rate of response, background information, presentation of data analysis, interpretation of results and discussion. The particular goals of the research were the foundation for the organization of the presentation of data.

4.1. 1 Response Rate

112 questionnaires were distributed by the researcher to management staff of the 55 insurance firms listed in Kenya. Out of the 112 questionnaires, only 100 questionnaires were duly completed. This amounted to 89.3 percent. According to Mugenda and Mugenda (2003), more than 50% of the response level is suitable for assessment, while more than 70% is deemed to be very good. The rate of response was therefore assessed as good and was considered appropriate for assessment.

T able 4. 1:

Response Rate

	No. of Respondents	Percentage
Response rate	100	89.3
Non response rate	12	10.7

Total	112	100.0

4.1. 2 Validity Analysis

Questionnaire's validity can be evaluated by factor analysis (Churchill & Iacobucci, 2010). It is usually essential to perform a factor analysis on the scale data to find out if the scale is truly one-dimensional. Responses to in scale components are factors in the assessment of such a variable. These factors are usually well associated with each other. The aim in this case is to minimize the number of variables to a small number of factors that capture most of the variance in the observed variables. If factors correlate too strongly (or r - 0.8 or r > 0.8), it is difficult to find out the distinctive input to a variable that is extremely linked. If some variable has a low correlation with different other factors (-0.3 < r < 0.3), the variable likely does not represent the similar fundamental structure as the rest of the factors. Both the strongly and the lowly correlated products should be removed. All of the items together depict the basic structure well if a questionnaire is applicable. Constructs, i.e., Factors are detected by exploratory factor analysis–which form the basis of a data set based on the correlation between variables (which are questionnaire items in this case). The underlying contracts are represented by the factors that explain the highest variance ratio of variables.

T able 4. 2:

Communalities

	Initial	Extraction
Sophisticated product offerings	1.000	.983
wide range of financial products availability in one basket	1.000	.973

Value Added Services	1.000	.973
Expanded product/service offering	1.000	.956
Distribution channel optimization	1.000	.384
Access human capital	1.000	.888
Operating Synergy	1.000	.975
Enhanced value	1.000	.949
Acquisition Cost/ cost efficiency	1.000	.974
Service diversification	1.000	.967
Actuarial efficiency (compiling and analyzing statistics to calculate insurance risks and premiums)	1.000	.966
End-to-end service delivery process	1.000	.964
Convenience	1.000	.958
Customers Trust	1.000	.958
Strengthened long term customer relationship	1.000	.965
Increase their geographical reach without additional costs	1.000	.985
Access to all demographics	1.000	.961
Improve product popularity	1.000	.426
Distribution channel optimization	1.000	.979
Cross-selling	1.000	.960

Initial Communalities are measurements of the variance of all elements or variables in each variable. Extraction Communalities are measurements of the variance of the variables (or elements) in the factor matrix in each variable. Small numbers (in the extraction column) show factors that do not match well with the alternative of the variable and should be removed from the assessment.

Table 4. 3:

Tot al Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	**% of Variance**	**Cumulative %**	**Total**	**% of Variance**	**Cumulative %**
1	15.100	75.500	75.500	15.100	75.500	75.500
2	3.043	15.217	90.717	3.043	15.217	90.717
3	.695	3.476	94.194			
4	.596	2.978	97.172			
5	.152	.758	97.930			
6	.092	.461	98.390			
7	.067	.336	98.726			
8	.047	.233	98.959			
9	.039	.197	99.156			
10	.034	.169	99.325			
11	.027	.135	99.460			
12	.021	.105	99.566			
13	.020	.101	99.667			
14	.019	.097	99.763			
15	.016	.080	99.843			

16	.011	.055	99.897
17	.007	.035	99.933
18	.005	.027	99.960
19	.005	.023	99.983
20	.003	.017	100.000

The Kaiser Normalization Criterion which enables the removal of components with an Eigen value higher than 1 is used in Table 4.3. 2 factors were extracted using the principal component analysis where 20 factors explain 90.717% of the total variation

T able 4. 4:

Component Matrix

	Component	
	1	**2**
Sophisticated product offerings	**.905**	.406
Wide range of financial products availability in one basket	.413	**.896**
Value Added Services	**.897**	.410
Expanded product/service offering	**.907**	.365
Distribution channel optimization	.095	**.613**
Access human capital	.554	**.762**
Operating Synergy	.386	**.909**
Enhanced value	**.889**	.397
Acquisition Cost/ cost efficiency	**.886**	.434
Service diversification	.359	**.915**

Actuarial efficiency (compiling and analyzing statistics to calculate insurance risks and premiums)	**.887**	.423
End-to-end service delivery process	**.909**	.371
Convenience	.412	**.888**
Customers Trust	.407	**.891**
Strengthened long term customer relationship	.397	**.899**
Increase their geographical reach without additional costs	**.905**	.407
Access to all demographics	**.883**	.425
Improve product popularity	.105	**.644**
Distribution channel optimization	.412	**.899**
Cross-selling	**.911**	.360

The results made it possible to classify which components fell under each of the two primary derived factors. The 20 parameters were examined and each put on one of the two factors, based on the proportion of variation, to explain the complete variation of each variable. From the factor analysis, all variable indices were of elevated construct validity as all factors surpassed the specified limit of 0.40.

4.1. 3 Reliability Analysis

Pilot tests were conducted on participants to determine the reliability an accuracy of the research tools in the research. Reliability finding s were presented in T able 4.5.

T able 4. 5:

Reliability Statistics

	Cronbach's Alpha	N of Items
Products or Services Type	.982	4
Administration-Economies of Scale	.891	6
Customer Lifecycle Management	.752	5
Sales Promotion Tool	.712	5

From the results, products or services type had an alpha value of 0.982, administration-economies of scale (0.891), customer lifecycle management (0.752) and the sales promotion tool (0.712). As the alpha coefficient achieved by Cronbach was more than 0.7 which is desirable and 0.6 was the minimum allowed. It was therefore found that the internal consistency measures used were high and were therefore regarded for further analysis.

4. 2 Demographic Information

In order to assess the relationship between the variables in the study, it was considered important to first establish the demographic information of the respondents. This section therefore defines the overall features of the study respondents in order of their gender, the highest level of education and work experience in the insurance company.

4.2. 1 Gender of The Respondent

The participants were instructed to state their gender. Findings were illustrated in Table 4.6 below.

T able 4. 6:

Gender of The Respondent

	Frequency	Percent
Male	47	47.0
Female	53	53.0
Total	**100**	**100.0**

The results show that 53.0% indicated that they were female while 47.0% were male. It can be deduced that despite majority of the respondents being female, there is a fair balance of gender in the management staff of the Insurance companies in Kenya.

4.2.2 Highest Academic Qualification

The study further sought the respondents' highest academic qualification. The replies were displayed In Table 4.7.

Table 4. 7:

Respondents' Highest Academic Qualification

	Frequency	Percent
Masters	48	48.0
Degree	34	34.0
Diploma	18	18.0
Secondary	0	0.0
Total	**100**	**100.0**

The findings reveal that 48.0% of the respondents had attained a Masters, 34.0% had attained a degree and 18.0% had attained a diploma while no one had stopped at Secondary level. This is very possible as a result of skills, knowledge as well as competencies that the management level is required to have. Even so, the respondents with high level of education are well informed and hence provided reliable information.

4.2.3 Work Experience

Moreover, the researcher required the participants to specify their work experience. Table 4.8 describes the respondents work experience.

Table 4. 8:

Working experience

	Frequency	**Percent**
Below 1 year	7	7.0
2-3 years	6	6.0
4-5 years	47	47.0
Over 5 years	40	40.0
Total	**100**	**100.0**

The responses revealed that the respondents had work experience of between 4-5 years as shown by 47.0%, over 5 years as illustrated by 40.0%, below 1 year as depicted by 7.0% and 2-3 years as represented by 6.0%. This implies that most of the respondents had enough working experience in the insurance sector making them be able to give the essential knowledge and facts that was key to the study.

4.3 Performance of Insurance Companies in Kenya

The aim of the research was to establish the bancassurance impact on Kenyan insurance companies' performance. The study participants specified the trend of aspects of Kenyan insurance companies' performance for the last five years from 2014 to 2018. The findings are demonstrated in Table 4.9.

Tab le 4. 9:

Aspects of Kenyan Insurance Companies' Performance

	Mean	Std. Deviation
Profit margins	3.81	1.245
Market share	4.04	1.044
Premium turnover	4.05	1.058
Number of customers	3.83	1.248

The findings show that premium turnover had improved greatly as illustrated by an average score of 4.05. Market share had also greatly improved as exemplified by an average of 4.04. The respondents further specified that the number of customers and profit margins had improved as shown by a mean of 3.83 and 3.81 respectively.

4.4 Products or Services Type

The study attempted to assess the products or services type effect on Kenyan insurance companies' performance.

4.4.1 Extent Bancassurance Products or Services Type Affect Kenyan Insurance Firms' Performance

The extent of effect Bancassurance products or services type affect Kenyan insurance companies' performance was sought. The results were displayed on Table 4.10.

Table 4. 10:

Extent of Products or Services Type Effect on Performance

	Frequency	Percent
Not at all	8	8.0
Little extent	9	9.0
Moderate extent	5	5.0
Greater extent	40	40.0
Very great extent	38	38.0
Total	**100**	**100.0**

The responses reveal that 40.0% of the study participants noted that Bancassurance products or services type affect Kenyan insurance companies' performance greatly, 38.0% stated very greatly, 9.0% represented to a little extent, 8.0% represented not at all and 5.0% represented t o a moderate extent. This finding is in line with Frame and White (2014) who state that the type of products or services offered through bancassurance model are believed to a great effect on performance of Insurance companies. Therefore, the hypothesis that Bancassurance products or services type has no great impact on performance of Kenyans' Insurance companies does not hold.

4.4.2 Extent of Aspects of Products or Services Type Effect on Kenyan Insurance Companies' Performance

The respondents were required to indicate the extent the following aspect s of products or services type affect Kenyan insurance companies' performance. Table 4.11 presented the findings.

Table 4. 11:

Extent Aspects of Bancassurance Products or Services Type Effect on Performance

	Mean	Std. Dev.
Sophisticated product offerings	3.90	1.185
Availability of wide range of financial products in one basket	3.96	1.100
Value Added Services	3.93	1.183
Expanded product/service offering	3.98	1.054

From the findings, expanded product/service offering as shown by a mean of 3.98 was found to affect Kenyan insurance companies' performance greatly. Similarly, availability of wide range of financial products in one basket as shown by a mean of 3.96, Value Added Services as shown by a mean of 3.93 and sophisticated product offerings as shown by a mean of 3.90 were all found to affect Kenyan insurance companies' performance greatly. This conforms to Frame and White (2014) who note that through bancassurance model, there is availability of wide range of financial products accessible through the bank.

4.5 Administration-Economies of Scale

The researcher sought to assess the administration-economies of scale effect on Kenyan insurance companies' performance.

4.5.1 Extent of Administration-Economies of Scale in Relation to Bancassurance affect Kenyan Insurance Companies' Performance

The participants were required to specify the level that affect the Kenyan Insurance Companies' performance.

Table 4. 12:

Extent of Administration-Economies of Scale in Relation to Bancassurance Affect Kenyan Insurance Companies' Performance

	Frequency	Percent
Not at all	5	5.0
Little extent	10	10.0
Moderate extent	8	8.0
Great extent	42	42.0
Very great extent	35	35.0
Total	**100**	**100.0**

Table 4.12 reveals that 42.0% of the respondents indicated that administration-economies of scale affected affects Kenyan insurance companies' performance greatly, 35.0% of them indicated very greatly, 10.0% indicate d t o a little extent, 8.0% indicate d t o a moderate extent and 5.0% indicated not at all. This is in line with Jongeneel (2011)'s view that factors of scale are seen as a main justification for implementing a banking insurance approach. Banks need their clients to bring insurance against multiple hazards, such as death, continuous disability when receiving personal loans that make insurance an intrinsic aspect of the credit. In enhancing the financial success of the banks, the minimization of costs is a positive strategy. Again, this shows the hypothesis that administration-economies of scale in relation to bancassurance have no significant impact on performance of insurance firms in Kenya does not hold.

4.5.2 Extent Aspects of Administration-Economies of Scale in Relation to Bancassurance Affect Kenyan Insurance Companies' Performance

Table 4.13 displays the responses given on the level in which aspects of Administration Economies of Scale affect Kenyan insurance companies' performance.

Table 4. 13:

Extent of Aspects of Administration-Economies of Scale Afefct Performance

	Mean	Std. Dev.
Distribution channel optimization	4.00	1.172
Access human capital	3.94	1.229
Operating Synergy	3.89	1.154
Enhanced value	4.13	.960
Acquisition Cost/ cost efficiency	3.95	1.201
Service diversification	3.79	1.266

The findings reveal that enhanced value was indicated to affect the Kenyan insurance companies' performance very greatly as shown by a mean of 4.13, distribution channel optimization also was found to affect the Kenyan insurance companies' performance very greatly as depicted by a mean score of 4.00. Additionally, acquisition cost/ cost efficiency as shown by a 3.95 mean, access human capital as depicted by a mean score of 3.94, operating synergy as depicted by a 3.89 average score and service diversification as shown by a mean of 3.79 were found to affect Kenyan insurance companies' performance greatly. This is clear as in Omondi (2013) who posits that in the economies of scale dominates in Bancassurance are as a result of similar operations carried by banks and insurance firms. Both the insurance firms and banks deals with reserves, both create liquidity, have same administration and cash management expertise, take on spreading of risk and relying on the large numbers law.

4.6 Customer Lifecycle Management

The study examined how customer lifecycle management of scale affect Kenyan insurance companies' performance.

4.6.1 Extent Bancassurance Customer Lifecycle Management Affect Kenyan Insurance Companies' Performance

The study aimed to find the extent Bancassurance Customer lifecycle management Affects Kenyan insurance companies' performance. Results were shown in Table 4.14.

Table 4. 14:

Extent of Bancassurance Customer Lifecycle Management Affect Performance

	Frequency	**Percent**
Not at all	4	4.0
Little extent	8	8.0
Moderate extent	11	11.0
Great extent	41	41.0
Very great extent	36	36.0
Total	**100**	**100.0**

The participants indicated that customer lifecycle management of scale affects Kenyan insurance companies' performance. This was clear as to a great extent was represented by 41.0%, very greatly represented by 36.0%, moderately was represented by 11.0%, little extent was represented by 8.0% and not at all represented by 4.0%. This is in conformity with Kilbone (2015) who notes that the general range of the CLM execution method involves all fields or organizational departments, which frequently bring all dynamic static and data, marketing procedures, and value-added services to a coherent choice that promotes the system through client purchase, retention, cross-selling, and lapsed win-back client iterative stages. This also confirmed the hypothesis that Bancassurance customer lifecycle management has no significant impact on performance of insurance organizations in Kenya does not hold.

4.6.2 Extent of Aspects of Bancassurance Customer Lifecycle Management Affect Kenyan Insurance Companies' Performance

Table 4. 15:

Extent of Aspects of Bancassurance Customer Lifecycle Management Affect Performance

	Mean	**Std. Dev.**
Actuarial efficiency (compiling and analyzing statistics to calculate insurance risks and premiums)	3.97	1.123
End-to-end service delivery process	3.82	1.282
Convenience	4.02	1.073
Customers Trust	4.05	1.029
Strengthened long term customer relationship	3.99	1.078

According to the results, customers trust with the average rating of 4.05 and the convenience in asses of insurance products and services as displayed by the average rating of 4.02 affect the Kenyan insurance companies' performance to very great extent. Whereas, strengthened long term client relationship as expressed by a mean score of 3.99, actuarial efficiency (compiling and analyzing statistics to calculate insurance risks and premiums) were demonstrated by an average score of 3.97 and end-to-end service delivery process as expressed by an average score of 3.82

influences the Kenyan insurance companies' performance greatly. This relates to (Yahaya & Lamidi, 2015) who posit that in today's business field, customers are prime resource for an association and dealing with the customer connection is similarly basic for the organizations.

4.7 Sales Promotion Tool

Further, the study determined the effect of sales promotion tool on Kenyan insurance companies' performance.

4.7.1 Extent Bancassurance Sales Promotion Tool Affects Kenyan Insurance Companies' Performance

Table 4.16 presents the responses on the extent Bancassurance sales promotion tool affect Kenyan insurance companies' performance.

Table 4. 16:

Extent of Bancassurance Sales Promotion Tool Affect Performance

	Frequency	**Percent**
Not at all	7	7.0
Little extent	3	3.0
Moderate extent	10	10.0
Great extent	43	43.0
Very great extent	37	37.0
Total	**100**	**100.0**

The respondents indicated that Bancassurance sales promotion tool affect Kenyan insurance companies' performance greatly as shown by 43.0%, very greatly as shown by 37.0%, to a moderate extent as shown by 10.0%, not at all as shown by 7.0% and to a little extent as shown by

3.0%. This is in line with Kajirwa (2015) who says that bancassurance as a sales promotion tool prompts the staff of the partner bank to sell the insurance policies since it has large number of customer network. In addition, this outcome shows the hypothesis that Bancassurance sales promotion tool has no significant effect on performance of insurance companies in Kenya does not hold.

4.7.2 Extent of Aspects of Sales Promotion Tool Effect on Kenyan Insurance Companies' Performance

The participants also stated the extent to which aspects of the Bancassurance sales promotion tool had an impact on the Kenyan insurance companies' performance. The findings were indicated in Table 4.17.

Table 4. 17:

Extent of Aspects of Bancassurance Sales Promotion Tool Effect on Performance

	Mean	**Std. Dev.**
Increase their geographical reach without additional costs	3.88	1.200
Access to all demographics	4.04	1.118
Improve product popularity	3.95	1.114
Distribution channel optimization	3.89	1.188
Cross-selling	3.87	1.186

Table 4.17 reveals that access to all demographics affected Kenyan insurance companies' performance very greatly as shown by a mean of 4.04. Further, improving product popularity as shown by a mean of 3.95, Distribution channel optimization as shown by a mean of 3.89, Increase their geographical reach without additional costs as shown by a mean of 3.88 and Cross-selling as

shown by a mean of 3.87 were found to affect Kenyan insurance companies' performance greatly. This finding concurs with El Pash (2012) who notes that insurance companies have been using bancassurance as a sales promotion tool which further helped in increasing the customer base hence positively affecting their performance.

4.8 Regression Results

The regression analysis was performed to determine the correlation between the selected bancassurance aspects and the Insurance Companies' Performance. The results were shown I n Table s 4.18, 4.19 and 4.20.

T able 4. 18:

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.961[a]	.924	.920	.54230

Findings showed that the research objectives influenced Kenyan insurance companies' performance significantly with an adjusted R squared = 0.920. That indicates that the model explains 92% of the variance in Kenyan insurance companies' performance. While the remaining 8% is explained by other factors that were not covered in this research. This is in line with Chepkoech and Omwenga (2016) who note that Bancassurance is becoming increasingly present in both developed and developing nations around the globe hence embracing it enables firms to cope with dynamic and competitive business environment.

Table 4. 19:

ANOVA Results

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	337.772	4	84.443	287.134	.000[b]
1	Residual	27.938	95	.294		
	Total	**365.710**	**99**			

Table 4.19 results show that the F statistics (p= 0.000<0.05, F= 287.134) showed that there was a very statistically significant correlation when assessing how products or services type, administration-economies of scale, customer lifecycle management of scale and sales promotion tool affects Kenyan insurance companies' performance. Also, the F-calculated value > F-critical value (2.4472) hence the regression relationship was significant. This is in accordance to Chiang et al. (2013) who start that bancassurance is essential to both the bank offering its channel and the insurance firm offering the services as the bank generates a risk- free income, referred to as fee-based income while the insurance organization boosts its capacity in reaching a considerable customer base, thus improving its numbers.

Table 4. 20:

Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	**Std. Error**	**Beta**		
(Constant)	-1.047	5.031		2.038	0.043
Products or Services Type	0.191	0.291	0.281	2.660	0.027

Administration-Economies of Scale	0.237	0.368	0.393	2.288	0.000
Customer Lifecycle Management	0.230	0.254	0.156	2.492	0.000
Sales Promotion Tool	0.183	0.375	0.132	2.408	0.000

a. Dependent Variable: Kenyan insurance companies' performance

The model developed for the research was:

$$Y= -1.047+ 0.191X_1 + 0.237X_2 + 0.230X_3 + 0.183X_4+\acute{\varepsilon}$$

Where: -

Y= Kenyan insurance companies' performance

X_1= Products or services type

X_2= Administration-economies of scale

X_3= Customer lifecycle management of scale

X_4= Sales promotion tool

Table 4.20 shows the regression model, where the regression equation established that if Bancassurance products or services type, administration-economies of scale, customer lifecycle management and sales promotion tool were held constant at zero, then the Kenyan insurance companies' performance would be -1.047 which is significant since p=0.041<0.05. The results further show that the increase in product or service type contributes to a rise of 0.191 in the performance score of Kenya n insurance companies if all other variables are maintained constant. The factors have demonstrated to be significant since 0.027<0.05. This in line with Frame and

White (2014) who sates that the type of products or services offered through bancassurance model are believed to a great effect on Insurance Companies’ performance.

Further if Bancassurance administration–economies of scale increase, there is a 0.237 and increase in the performance of Kenyan insurance firms if all other factors are kept constant. Since 0.000<0.05, the variable was significant. This is in agreement with Jongeneel (2011) who indicated that economies of scale are a key in adoption of bancassurance strategy.

The findings also reveal that when a unit of Bancassurance customer lifecycle management increases, there is a 0.230 rise in the score of Kenyan insurance companies’ performance. Bancassurance customer lifecycle management is significant since p-valu e=0.000<0.05. This finding is consistent with Kilbone (2015)'s general CLM implementation system range encompasses all fields or organization functions, which frequently provides all dynamic and static data, marketing procedures, and value-added services inputs to a coherent choice that promotes the business through client purchase, retention, cross-selling, and lapsed iterative client win-back stages.

From the findings, a unit rise in the scores of Bancassurance sales promotion tool would lead to a 0.183 increase in the scores of Kenyan insurance companies’ performance. The variable was significant as the p-value=0.000<0.05. This is in line with Hull (2015) who notes those insurance firms’ offers sales promotion innovative tools and maximizes or minimize the duration relying on the conditions of the business vis-a-vis the emerging business trends.

Overall, administration-economies of scale had the greatest effect on the Kenyan insurance companies’ performance followed by customer lifecycle management then products or services type while then sales promotion tool had the least effect on the Kenyan insurance companies' performance. Since the p values were below than 0.05, all the variables were significant.

4.9 Discussion of the findings

This section gives a brief discussion of the outcomes drawn from the study. The discussion is as presented below covering the four objectives of the study.

4.9.1 Products or Services Type

The study sought to establish Bancassurance product or affects the performance of insurance companies in Kenya. The study reveals that Bancassurance products or services type affect Kenyan insurance companies' performance greatly. This concurs with Frame and White (2014) who state that the type of products or services offered through bancassurance model are believed to a great effect on Insurance Companies' Performance.

The research discovered that the insurance companies had expanded product/service types, availability of different varieties of financial products in one basket, value added services and sophisticated product offerings which were all found to affect Kenyan insurance companies' performance greatly. This concurs with to (Frame & White, 2014) who note that through bancassurance model, there is availability of wide range of financial products accessible through the bank.

4.9.2 Administration-Economies of Scale

The study sought to assess how administration-economies of scale affect Kenyan insurance companies' performance. The study revealed that administration-economies of scale affected affects Kenyan insurance companies' performance greatly. This is in consensus with Jongeneel (2011) who indicated that factors of scale are seen as a main reason for implementing a banking insurance approach. Banks force their customers to bring insurance against multiple hazards, such as death, continuous disability when receiving personal loans that make insurance an intrinsic aspect of the credit.

Further, the Kenyan insurance companies' performance is boosted by enhanced value and distribution channel optimization very greatly. This is clear as in Omondi (2013) who posits that in the economies of scale dominates in Bancassurance are as a result of similar operations carried by banks and insurance firms.

Additionally, the study found that acquisition cost/ cost efficiency, access human capital, operating synergy and service diversification affect Kenyan insurance companies' performance greatly. This is in agreement with Yahaya and Lamidi (2015) who argues that banks take economies of scale advantage coming from the large numbers law. Additionally, the insurance firms depend on large numbers law.

4.9.3 Customer Lifecycle Management

The research also sought to determine the extent that Bancassurance customer lifecycle management of scale affects Kenyan insurance companies' performance. The research established that customer lifecycle management of scale affects Kenyan insurance companies' performance greatly. This is consistent with Kilbone (2015) which stated that the general range of the CLM execution method encompasses all fields or organization functions, which frequently takes all linear and dynamic data, marketing procedures, and value-added services to a coherent choice that promotes the system through client purchase, retention, cross-selling, and lapsed win-back customers.

The study found that, the customers trust and convenience in asses of the insurance products and services enhanced the Kenyan insurance companies' performance to very great extent. This relates to Yahaya and Lamidi (2015) who posit that in today's business field, customers are prime resource for an association and dealing with the customer connection is similarly basic for the organizations.

Additionally, the study revealed that strengthened long term customer relationship, actuarial efficiency (compiling and analyzing statistics to calculate insurance risks and premiums and end-to-end service delivery process also improved Kenyan insurance companies' performance greatly. This is in agreement with Ikpefan (2016) who discovered that the client life cycle is delineated as a circle or obscuration to speak to that it is genuinely a cycle, one that you need your best customers to travel through over and over.

4.9.4 Sales Promotion Tool

The study found that Bancassurance sales promotion tool affected Kenyan insurance companies' performance greatly. This is in line with Kajirwa (2015) that argues that banking insurance as a sales promotion instrument encourages the employees of the member bank to buy insurance policies as it has a big amount of client networks.

The study further determined that access to all demographics affected Kenyan insurance companies' performance very greatly. This is in line with Kiptis and Wanyoike (2016) who claim that the sales promotion strategy is a significant component of the general marketing strategy, especially in the promotion strategy. It is aimed straight at causing purchasers to purchase an item or service. It is a means of encouraging revenues in order to meet a specific aim.

Further, improving product popularity, distribution channel optimization, increase their geographical reach without additional costs and Cross-selling were found to affect Kenyan insurance companies' performance greatly. This finding concurs with El Pash (2012) who notes that insurance companies have been using bancassurance as a sales promotion tool which further helped in increasing the customer base hence positively affecting their performance.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5. 1 Introduction

This chapter detailed the major outcomes, essential recommendations and the conclusions. The research sought to examine the managers perceptions on how the selected bancassurance aspects affects the performance of insurance companies in Kenya. The following are the specific breakdown of the summaries of the key findings in relation to the output of the descriptive and inferential statistical analyses guided to answer the four study questions of the research.

5. 2 Summary of Findings

This chapter comprises of the summary of the findings of the research variables namely; Bancassurance products or services type, administration-economies of scale, customer lifecycle management of scale and sales promotion tool.

5.2. 1 Products or Services Type

The research aimed at determining the extent to which Bancassurance products or services type affect Kenyan insurance companies' performance. The study reveals that Bancassurance products or services type affect Kenyan insurance companies' performance greatly. The study also found that the insurance companies had expanded product/service offering, availability of different varieties of financial products in a single basket, value added services and sophisticated product offerings which were all found to affect Kenyan insurance companies' performance greatly. The research established that Bancassurance products or services type is positive and statistically significant and positive.

5.2.2 Administration-Economies of Scale

The research sought to assess the influence of administration-economies of scale on Kenyan insurance companies' performance. The research established that administration-economies of scale is statistically significant and positive. This study outlined that administration-economies of scale affected affects Kenyan insurance companies' performance greatly. The study further shows that Kenyan insurance companies' performance is boosted by enhanced value and distribution channel optimization very greatly. Additionally, the study found that acquisition cost/ cost efficiency, access human capital, operating synergy and service diversification affect Kenyan insurance companies' performance greatly.

5.2.3 Customer Lifecycle Management

The research also established the influence of Bancassurance customer lifecycle management of scale on Kenyan insurance companies' performance. The study discovered that customer lifecycle management of scale affects performance greatly. The study found that the customers trust and convenience in excess of insurance products enhanced to very great extent.

. The study revealed that strengthened long term customer relationship, actuarial efficiency (compiling and analyzing statistics to calculate insurance risks and premiums and end-to-end service delivery process also improved performance greatly. The study found that customer lifecycle management of scale is positive and statistically significant.

5.2.4 Sales Promotion Tool

The research attempted to determine the level to which Bancassurance sales promotion tool affect Kenyan's insurance companies' performance. The study established that sales promotion tool has positive impact and is statistically significant. The research further determined that access to all demographics affected insurance companies' performance very greatly. Further, improving product popularity, distribution channel optimization, increase their geographical reach without additional costs and Cross-selling were found to affect Kenyan insurance companies' performance greatly.

5. 3 Conclusions

It was deduced that Bancassurance products or services type greatly affects Kenyan insurance companies' performance. The research further concluded that a product that appeals to right customers, that is up to date with technology, and manages risk is important for the ongoing success of a firm. In this case, an insurance company that offers good services and variety of products may give a firm a chance to charge premium on the products they offer. Customer loyalty can be gained through provision of good customer services to customers, image branding, networking, and use of advanced and reliable technology. When these features are maintained over time, they lead to customer loyalty. This in turn promotes insurance companies' performance.

The research concluded that administration-economies of scale affects Kenyan insurance companies' performance greatly. The research also concludes that insurance companies guarantee timely and effective handling of the requested services and products. The provision of differentiated products and services enables the company to experience markets of scale while supporting its customers. With differentiated products, the company will be prepared to look for distinct cost-cutting policies. On the other hand, the price should not change the significance of the products, but rather complement it in order to be prepared to match the price generated by the rivals.

The study also concluded that Bancassurance customer lifecycle management had a great effect on Kenyan insurance companies' performance. The study concludes that gathering and managing customer knowledge can be a valuable competitive tool for insurance companies. information is critical in understanding customer needs, toiling of products, customer's consolidation life time value, innovation of services, personalizing transactions and for creating and maintaining relationships. The study further concludes that to enhance profitability, information about customers should be gathered through interaction or touch points across all functional areas of the firm and transformed into customer knowledge.

It was concluded that the Bancassurance sales promotion tool had a major impact on the performance of Kenyan Insurance Companies. The study suggests that primary objective of sales promotion is to reach fresh clients, thereby improving the profit base of insurance companies; to boost market share in chosen market segments; and to reduce the expense of obtaining fresh clients by attempting to prevent immediate price competition with other organizations.

5. 4 Recommendations

The research proposes that consideration should be given to the existence of information systems in order to support them with all associated customer data in order to back up decision-making. It is vital to promote a marketing culture through connections centered on long-term interactions with customers through an engagement to satisfy their requirements and a strong regard for reliability on the portion of every person in Kenyan insurance companies. Insurance companies should guarantee that, by knowing the industry and guiding the company's resources towards meeting the customer's wishes and needs, and by evaluating the capacity to deliver benefit to the client.

The research recommends that insurance company executives should thoroughly evaluate their marketing promotion policies and match them with their goals by adjusting an appropriate combination of promotion instruments. This will help to improve the efficiency of Kenyan insurance companies. The research also proposes that all promotional tools should be aligned in an integrated marketing strategy to produce a clear, coherent, reliable and profitable signal on the products and facilities provided.

The insurance company management should know their target market and segment it per product and create a niche for themselves as competition increases. Staff should be trained on handling the new bancassurance segment so that they are able to handle the customers well and efficiently. Finally, management should give all staff all the support they require in adoption and implementation of bancassurance so as to enhance Kenyan insurance companies' performance.

Insurance firms need to improve their relationship with investors through legislative shift, centralized marketing strategies as well as popular research and development. The research proposes that the firms give unique regard to maintaining continuity in performance, features, packaging and so on. Bancassurers need to supply products that should be purchased in large quantities and with strong margins to cover costs and profits. Products such as mortgages, credits, loans, overdrafts and investments can be readily combined with insurance cover. These credit-based products, when given in the ideal world, allow clients to be risk-free in order to guarantee that their commitments are fulfilled.

Insurance companies should supply insurance services any place, anytime, anywhere. Increased customer sophistication requiring value insurance products, flexible marketing and responsive delivery. Insurers need to push greater capabilities onto their websites to allow customers a higher degree of control and flexibility.

The study recommends insurance companies to ensure that transactions are monitored online making it real time. Customer's taste and preference and use of reliable technology should be considered when marketing the products. Multiple channels for insurance distribution should be put in place. The insurance companies could consider the use mobile SMS, Community development projects sponsorship as a way of marketing their products.

5. 5 Suggestions for Further Research

Comparable research could be undertaken in banks to determine whether the same outcomes will be achieved. Research on the challenges of bancassurance in Kenyan insurance companies could be carried out. A related study should be done that focuses on a specific nation rather than generally to find out whether the results obtained will be the same. Also, similar research should be done but with distinct variables.

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APPENDICES

Appendix I: Research Questionnaire

Part 1: Demographic Data/Personal Characteristics.

1) Gender Male [ ] Female [ ]

2) Highest Academic Qualification.

Masters ( ) Degree ( ) Diploma ( ) Secondary ( )

3) Working experience

a) Below 1 year ( ) b) 2-3 years ( )

c) 4-5 years ( ) d) Over 5 years ( )

Part II: Performance of Insurance Companies in Kenya

4) Indicate the trend of the aspects of Kenyan insurance companies' performance for the last five years from 2014 to 2018? Use the following key to answer

	Greatly decreased	decreased	Constant	Improved	Greatly Improved
Profit margins					
Market share					
Premium turnover					
Number of customers					

Part III: Products or Services Type

5) To what extent do products or services type affect Kenyan insurance companies' performance? Use the scale

   5=Very great extent 4=Great extent 3= Moderate extent

   2=Little extent 1=Not at all

6) To what extent does the following affect the performance of Kenyan Insurance companies?

   5 =Very great extent 4= Great extent 3= Moderate extent

   2=Little extent 1= Not at all

	1	2	3	4	5
Sophisticated product offerings					
Availability of wide range of financial products in one basket					
Value Added Services					
Expanded product/service offering					

Part IV: Administration-Economies of Scale

7) To what extent do administration-economies of scale affect Performance of Insurance companies?

   5=Very great extent 4=Great extent 3= Moderate extent

   2=Little extent 1=Not at all

8) To what extent does the following affect Performance of Insurance companies?

5= Very great extent 4= Great ex tent 3= Moderate extent

2= Little extent 1= Not at all

	1	2	3	4	5
Distribution channel optimization					
Access human capital					
Operating Synergy					
Enhanced value					
Acquisition Cost/ cost efficiency					
Service diversification					

Part V: Customer Lifecycle Management

9) To what extent do Customer lifecycle management of scale affect Performance of Insurance companies?

5=Very great extent 4=Great extent 3= Moderate extent

2=Little extent 1=Not at all

10) To what extent does the following affect Performance of Insurance companies?

5= Very great extent 4= Great ex tent 3= Moderate extent

2= Little extent 1= Not at all

	1	2	3	4	5

Actuarial efficiency (compiling and analyzing statistics to calculate insurance risks and premiums)					
End-to-end service delivery process					
Convenience					
Customers Trust					
Strengthened long term customer relationship					

Part VI: Sales Promotion Tool

11) Indicate the level to which sales promotion tool affect Kenyan insurance companies' performance?

    5=Very great extent 4=Great extent 3= Moderate extent

    2=Little extent 1=Not at all

12) To what extent does the following affect Performance of Insurance companies?

    5= Very great extent 4= Great ex tent 3= Moderate extent

    2= Little extent 1= Not at all

	1	2	3	4	5

Increase their geographical reach without additional costs					
Access to all demographics					
Improve product popularity					
Distribution channel optimization					
Cross-selling					

Appendix II: Secondary Data Collection Sheet

	2014	**2015**	**2016**	**2017**	**2018**
Number of customers					
Market Share					
Profits after Tax					
Premium turnover					

Appendix III: List of Insurance Companies

1. AAR Insurance Company Limited
2. Africa Merchant Assurance Company Limited
3. AIG Kenya Insurance Company Limited
4. Xplico Insurance Company Limited
5. Allianz Insurance Company of Kenya Limited
6. APA Insurance Limited
7. APA Life Assurance Insurance Company Limited
8. Barclays Life Assurance Kenya Limited
9. Britam General Insurance Company (K) Limited
10. Brita m Life Assurance Insurance Company (K) Limited
11. Cannon Assurance Insurance Company Limited
12. Capex Life Assurance Company Limited
13. CIC General Insurance Company Limited
14. CIC Life Assurance Insurance Company Limited
15. Continental Reinsurance Limited (Kenya)
16. Corporate Insurance Company Limited
17. Direct line Assurance Insurance Company Limited
18. East Africa Reinsurance Company Limited
19. Fidelity Shield Insurance Company Limited
20. First Assurance Insurance Company Limited
21. GA Insurance Limited
22. GA Life Assurance Limited
23. Geminian Insurance Co. Limited
24. ICEA Lion General Insurance Company Limited
25. ICEA LION Life Assurance Insurance Company Limited
26. Intra Africa Assurance Insurance Company Limited
27. Invesco Assurance Insurance Company Limited
28. Kenindia Assurance Insurance Company Limited
29. Kenya Orient Insurance Limited
30. Kenya Orient Life Assurance Limited

31. Kenya Reinsurance Corporation Limited
32. Liberty Life Assurance Kenya Limited
33. Madison Insurance Company Kenya Limited
34. Mayfair Insurance Company Limited
35. Metropolitan Cannon Life Assurance Limited
36. Occidental Insurance Company Limited
37. Old Mutual Assurance Company Limited
38. Pacis Insurance Company Limited
39. Phoenix of East Africa Assurance Co. Limited
40. Pioneer General Insurance Company Limited
41. Pioneer Assurance Insurance Company Limited
42. Prudential Life Assurance Insurance Company Limited
43. Resolution Insurance Company Limited
44. Saham Assurance Insurance Company Kenya Limited
45. Sanlam General Insurance Company Limited
46. San lam Life Assurance Insurance Company Limited
47. Takaful Insurance of Africa Limited
48. Tausi Assurance Insurance Company Limited
49. The Heritage Insurance Company Limited
50. The Jubilee Insurance Company of Kenya Limited
51. The Kenyan Alliance Insurance Company Limited
52. The Monarch Insurance Company Limited
53. Tri dent Insurance Company Limited
54. UAP Insurance Company Limited
55. UAP Life Assurance Insurance Company Limited

Source: Insurance Regulatory Authority (2018)

App endix IV: Time Frame

Activities	2019					
	March	April	May	June	July	Aug
Proposal Writing						
Proposal Presenta tion						
Data Collection						
Da ta Analysis						
Repo rt Writing						
Rep ort Submission						

Appen dix V: Budge t

Item	Quantity	Cost (Kshs.)	Total (Kshs.)
1 . Personnel			
Research assistants	4days	@3000	12 0 00.0 0
2 .Travel	20days	@ 1000	2 0,0 00.0 0
3 . Materials			
Photocopy p aper	5ream	@ 300	150 0.00
Ball pens	3 reams	@ 15.0 0	45.0 0
Foolscap	1 rea m	@ 30 0.0 0	3 00.0 0
Cal ling car d (Telkom)			500.00
Scratch card			500.00
Interne t			2000.00
4. Da ta analysis			
Statistical analysis is			36,0 00.0 0
5. Rep ort Preparation			
Typing			3000.0 0
Printing			50 00.0 0

Binding			200 0.0 0
Tot al			**82,84 5 .00**