



Factors Affecting Decision to Participate Bancassurance: Evidence from Individual Customers in the South of Vietnam

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ABSTRACT

This study aims to investigate factors effect on decision to participate the Bancassurance of individual customers in the South of Vietnam. Binary Logistic regression model was explored to investigate the factors affect on the decision to participate in life insurance through Bancassurance channel. The data was collected by interview survey of 62 individual customers who have participated and not participated the life insurance through Bancassurance. Found results indicated that the customer's income and the professional of insurance companies' advisors have positive significantly effects on the decision to participate in life insurance products via Bancassurance channel of personal customers in Can Tho city, Vietnam. Based on the results, the diversification of payment policies for customers with different groups of income level should be considered to enhance the decision to participate Bancassurance. The trust, creditability and transparency of information sharing by insurance companies' advisors should be ensured to improve the confidences of customers on the advisor consultants.

Keywords: Bancassurance, Life Insurance, Decision to Participate, Binary Logistic Regression

JEL Classifications: G1, G2, M5

1. INTRODUCTION

In the era of globalization, international economic integration is an indispensable trend for the development of Vietnam. Vietnam has opened its doors to foreign insurance enterprises to participate in the domestic insurance market. Those have created a dynamic and fiercely competitive environment for these enterprises. Insurance enterprises, therefore, must create the significant changes in business strategy, marketing strategy, and distribution strategy to elevate operational quality, brand images, innovate management practices, and diversify product distribution channels.

The insurance market in Vietnam began its development and diversification in the early 1990s. The market witnesses the participation of a wide range of insurance enterprises, encompassing state-owned companies, joint-stock companies,

joint ventures, and wholly foreign-owned enterprises. After numerous stages of maturity and development, the Vietnam insurance market currently involves 79 enterprises. Notably, almost all insurance enterprises in 2022 have reported favorable profits (Diep, 2023). The nationwide insurance premium revenue is estimated to reach 251,306 billion VND, representing an increase of approximately 15.09% compared to 2021 (Ministry of Finance, 2022).

One of the critical business strategies in the insurance business sector in the world is Bancassurances, which is an integrated business model to sell insurance products to banks customers through banks branch network (Aggarwal, 2004). In other words, Bancassurance is a collaborative distribution channel between insurance and banking aimed at the same group, clientele, or customer database. This is the emergence and development of the partnership model

between insurance companies and banks (Sharma et al., 2012). The extension of Bancassurance has indicated a significant role for insurance companies to reduce the operating costs, especially costs on marketing and advertising. It was because Bancassurance might help the Insurance companies to utilize a part of facilities of banks instead of building their own distribution network. In addition, Bancassurance provides an opportunity to manage risks more effectively through insurance products (Violaris, 2001).

The Bancassurance model emerged in Eastern European countries in the early 1970s with the initial applying for the life insurance sector. However, with the development and expansion of Bancassurance today, this model is not only confined to the life insurance sector but has also extended to the non-life insurance domain. From the commercial banks' perspectives, the development of Bancassurance has contributed to diversifying banks' product offerings. Thus, Bancassurance becomes the a significant strategy to diversify the sources of income of the commercial banks by offering various insurance products to their customers. In addition, development of Bancassurance services also supports the commercial banks for providing comprehensive financial services to customers, establishing deep connections, increasing customer loyalty, and creating the cross-selling network, meaning offering various insurance and financial products such as home loans or savings. As a result, those help reduce dependence on income from interest and transaction fees (Shah and Salim, 2011).

Various research on topics related to Bancassurance, which aimed to focus on the evolutionary aspects of Bancassurance activities have been conducted (Karunagaran, 2007; Davis, 2007; Daniel, 2013; Tam, 2014; Ganesan and Eswari, 2016; Quang, 2019; Hoai, 2019; Thuy, 2020; Ngoc, 2021; Minh et al., 2021; Hieu, 2022). Those studies have indicated the demands for insurances services provided by certain commercial banks of the customers based on the theoretical framework of the decision-making process (Kotler and Keller, 2012) and consumer behavior (Sheth et al., 1999). This means that those studies have indicated the factor affecting buying the life insurance through the Bancassurance from the customer's perspectives. Most of previous studies have indicated the significant influences of the demographic factors, including age, marital status, education, and family size to the purchase the life insurances of individual customers through the commercial bank distribution channel. Income and insurance fees were presented as the important factors effect on the decision-making process to participate the Bancassurances services of the individual customers (Weeraratne and Nadeeshika, 2016; Tam, 2017).

From other aspects, previous scholars have indicated decision to participate the life insurance products of the customers was reflected by their own expectation and the professional of the services suppliers. For details, Fortune (1973) have noticed that each individual participates to the life insurance services with the concerning on the expected interest rates, income from employment, and the value of assets received while participating in the life insurance contract, and individuals purchase life insurance to maximize the expected utility of the beneficiaries (Lewis, 1989). Therefore, the present value of the family's consumption assuming that the wage earner survives, and the risk aversion

positively effects on the probability to participate the life insurance. Safitri et al. (2023) has suggested that the trust of customers on the insurance services advisors and/or agents. In other words, the professional of the insurance advisors has positive effects on the decision to participate the life insurance products.

In Vietnam, Bancassurance is gradually being recognized as the second professional distribution channel after the traditional insurance agency channel. The collaboration between insurance agencies and banks in cross-selling products has brought significant benefits to both in recent years, and plays as a vital distribution channel for insurance products with high development potential. However, numerous incidents have occurred in the media where conflicting opinions on products, which are related to the distribution of insurance products through Bancassurance channels. One of the most troubles of Bancassurance is that the customers have had their savings deducted to purchase agreements without notices and information from commercial bank and insurance companies. For instances, at the end of 2022, most of commercial banks in Vietnam have approximately reached the maximum level of the credit room. It means that the commercial banks could not provide the loan amount within 2022. This have resulted that many borrowers were required to purchase an insurance package equivalent to a certain percentage of the loan amount. Participation of a life insurance contract became compulsory for the borrowers to access loans (Nhan, 2023). Furthermore, it was indicated that many instances of insurance agents' and bank employees' actions did not comply with legal regulations in the process of selling insurance. Therefore, it has triggered a crisis in the insurance market that impacts customer trust. In the first half of 2023, the consequences of the trust crisis in the insurance industry have been clearly reflected in the insurance income of certain banks. Seven of the eight banks that disclose detailed information on income from insurance activities have indicated a substantial decrease in this income (Quang, 2023).

Despite the currently huge challenges, the Bancassurance is expected to expand and develop in the future in Vietnam. This is explained that the current population of Vietnam is 100 million, but only slightly over 10% have life insurance (Department of the Insurance Supervisory Authority, 2024). Therefore, the opportunities for the growth of Bancassurance are still considerable. Furthermore, the new Insurance Business Law, enacted at the beginning of 2023, provides the foundation of hope for the business community. There could be a silver lining in which positive factors will promote the development of the insurance market.

From scientific perspectives, to the best of our knowledge, there was no previous studies to address the determinants to participate the life insurance of individual customers provided through the Bancassurances in Vietnam have been conducted to simultaneously examine the effects of customer's perspectives and the insurance services advisors on the purchase decision-making of individual customers. The aim of this study, thus, is to investigate the factors influencing to the decision to participate the life insurance through the Bancassurance of the Vietnamese customers, based on the evidence from the Can Tho city, where is the largest city

of the South of Vietnam. In 2022, banking operations in Can Tho City continued to be maintained stably and securely, achieving positive results in alignment with the directives of the State Bank of Vietnam. In terms of the operational network, there are currently 48 branches of commercial banks, 7 people's credit funds, 8 district/commune branches of the Bank for Agriculture and Rural Development of Vietnam, and 187 transaction offices. Hence, it ensures the provision of diverse financial services in convenient locations and meets the needs of the residents in the area. The results of this study are expected to raise a scientific platform to improve the quality services and the market shares of Bancassurance in Vietnam and other countries, where the Bancassurance services suppliers are facing to the same challenges. Also, the alternatives discussed in this study are expected to be useful for the customers in the decision-making process the life insurance through the commercial banks as well as the policies makers to governance and enhance the liabilities and the property rights of the stakeholders of Bancassurance services, including commercial banks, insurance companies, and customers.

2. METHODOLOGY

2.1. Theoretical Framework and Research Model

The demand for life insurance theory (Lewis, 1989), asymmetric information theory (Akerlof, 1970), and socioemotional selectivity theory (Carstensen, 1992) were explored to achieve the purposive study. The research model has been proposed as presented in Figure 1.

Accordingly, the demand for life insurance theory was constructed based on inheriting the expected utility theory of individuals under uncertain conditions. Each individual participate to a life insurance was reflected by three main factors, including expected interest rates, income from employment, and the value of assets received while participating in the life insurance contract. Besides that, Lewis (1989) Fischer (1973), Fortune (1973), and Campbell (1980) have shown that the demand for life insurance is positively correlated with income. As income increases, life insurance becomes more affordable. In addition, the need for life insurance increases with income as it protects dependents against the loss of expected future income due to premature death of the wage earner. The basic model of Lewis (1989) has been suggested based on the assumption that individuals purchase life insurance to maximize the expected utility of the beneficiaries. It was assumed that all family members have the same degree of risk aversion, the total life insurance ownership, therefore, is given by:

$$(1-Lp)F = \max \{[(1-Lp)/(L(1-p))]1/\delta TC - W, 0\}$$

where,

- L: The life insurance policy loading factor
- p: The probability of wage earners death
- F: The face value of all life insurance written
- δ : A measure of the beneficiary's relative risk aversion
- TC: The present value of total consumption of of the family's consumption, assuming that the wage earner survives
- W: The household's net worth

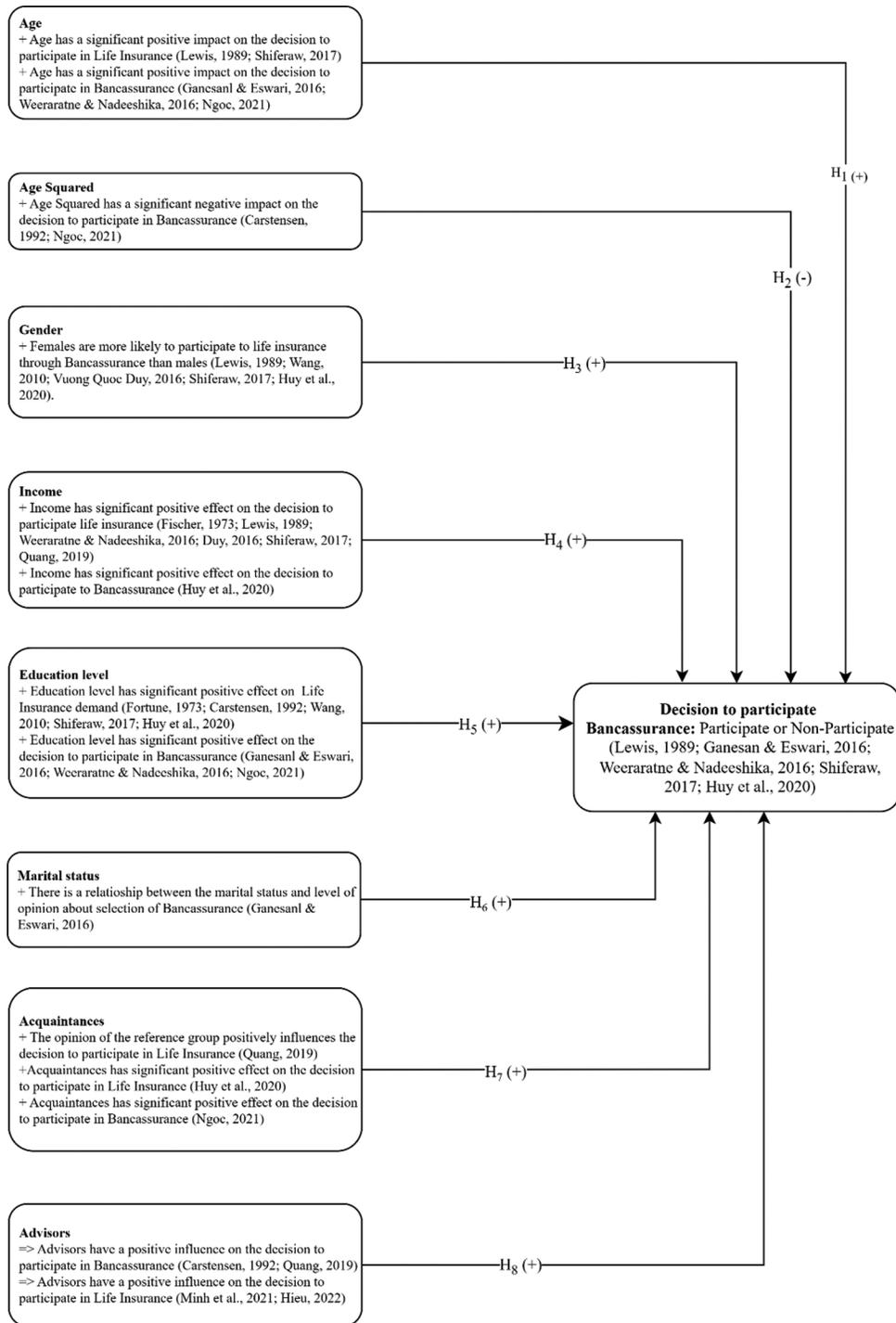
As presented in the above function, the present value of the family's consumption was assumed as the wage earner survives (TC), and has positively influenced the demand for life insurance participation. So, it implies that disposable income positively influences the demand for purchasing life insurance.

The theory of asymmetric information was developed by Akerlof (1970), and has been applied in numerous studies on the insurance market (Ngai and Hong, 2012). Asymmetric information is the situation when one party in an economic transaction possesses more information about the product/service involved than the other party. The theory proposes that an imbalance of information between buyers and sellers can lead to market failure. Two common consequences arising in this situation are adverse selection and moral hazard. Krugman (1999) has indicated that any situation in which one person makes the decision about how much risk to take, while someone else bears the cost if things go badly. As already mentioned, the most challenge led to the failure of Bancassurance operation in Vietnam in current year is the information of the life insurance contracts have not been sufficiently explained to the customers. Also, in several cases, staff of commercial banks and insurance companies forced customers for the participation of life insurance in order to access the bank loans. The perspectives of asymmetric information theory are useful to explain the barriers and the decision-making process to participate the life insurance of individual customers through the services provided by commercial banks.

Socioemotional selectivity theory is another lifespan theory that helps explain the shift of personal goals and behaviors with age (Carstensen, 1992). This theory introduces the concept of future time perspective, which refers to one's perception of time and how much time is left. Future time perspective can be open-ended or constrained (Rudolph, 2016). Pursuing social goals changes as one ages; younger people view the future as more distant than older people. According to this theory's perspectives, younger customers have the high consideration on the value of their investments and focus more on goals linked to knowledge acquisition, saving money, investing in education, or planning for the future. On the other hand, among older people, their focus shifts to goals that have emotional meaning. In summary, the primary assertion of the socioemotional selectivity theory is that with increasing age, individuals become more selective. When individuals perceive they have plenty of time, they prioritize goals oriented toward the future rather than those focused on the present.

Corresponding with the perspectives of socioemotional selectivity theory, previous studies demonstrated the significant impact of age on the demand for life insurance (Carstensen, 1992; Tam, 2017; Huy et al., 2020). Scholars have identified that younger customers tend to have a higher demand for insurance than the older age group. Due to the lower likelihood of mortality among younger individuals compared to older individuals, younger people typically pay lower life insurance costs. In contract, Ganesan and Eswari (2016), Weeraratne and Nadeeshika (2016) addressed that age is one of the factors that has a positive impact on the decision to participate the life insurance contract. It might be due to older customers having concerns about their family's financial future. They utilize the life insurance as a tool to assure their family's financial prospects in the

Figure 1: Theoretical framework and research models



Source: Proposed from the related theories and literature review

future in case their spouse dies. On the other hand, Ngoc (2021) found that age influences the probability of purchasing life insurance in an inverted U-shaped pattern. It was explained that insurance premiums tend to increase with the insured person's age due to the rising health risks and capabilities, while the benefits derived from the insurance decrease. This makes customers reluctant to purchase insurance as they fear potential losses. Based on the above argument, the hypothesis in this study is presented as follows:

H_1 : Age has a significant positive impact on the decision to participate in Bancassurance.

H_2 : Age squared has a significant negative effect on the decision to participate in Bancassurance.

Wang (2010), Duy (2016) and Shiferaw (2017) have demonstrated that gender is a significant factor in the decision to participate the life insurance. Tam (2017) also addressed that males have a higher demand for participating Bancassurance than females. It was because men are the primary breadwinners in the family. Nevertheless, Huy et al. (2020) has shown that women tend to engage in Bancassurance services at a higher rate than men. As

women increasingly have more opportunities to participate in the labor market, they become more financially independent. And since women tend to live longer than men, women tend to pay lower premiums. Based on these conclusions, the proposed research hypothesis is:

H₃: Males tend to be less likely to participate in Bancassurance compared to females.

Individuals with a high income tend to have higher spending power (Ninh, 2008). Individuals with high incomes often have a greater demand for life insurance to safeguard the insured individual's potential income and the dependents' expenses. Moreover, those with high incomes tend to invest in life insurance as a means of accumulating resources for post-retirement life (Duy, 2016; Shiferaw, 2017). Weeraratne and Nadeeshika (2016), Tam (2017) and Quang (2019) demonstrated that there was a positive correlation between higher income levels and increased participation in Bancassurance. Therefore, the proposed research hypothesis is:

H₄: Income has a significant positive effect on the decision to participate in Bancassurance.

Shiferaw (2017) identified a positive correlation between educational level and the demand to participate the life insurance. Corresponded with Shiferaw (2017), the examination results from Ganesan and Eswari (2016) and Weeraratne and Nadeeshika (2016) indicate that educational level also positively impacts the decision to purchase life insurance Bancassurance. Ngoc (2021) has proven that as educational levels increase, customers' awareness of risks also increases. Consequently, individuals with higher education levels are more willing to allocate funds toward risk insurance than those with lower years of schooling. The sentence implies that customers with higher educational levels are more likely to participate the life insurance contracts Wang (2010) and Huy et al. (2020). Based on these findings, the proposed research hypothesis is:

H₅: Education level has significant positive effect on the decision to participate life insurance through Bancassurance.

Wang (2010) argues that marital status influences the financial planning of individuals and families, potentially leading to considerations regarding the need for Life Insurance. Marital status can influence the decision to purchase Life Insurance and the individual's premium level (Ganesan and Eswari, 2016). Because people with marital status might have a higher demand for the future financial prospects of family members in case of the insured's death, disability, or retirement. Based on these findings, the proposed research hypothesis is:

H₆: Marital status has a significant positive effect on the decision to participate life insurance through Bancassurance.

Quang (2019) stated that the opinions of references positively correlate with the decision to participate in Bancassurance. The decision-making process becomes more straightforward when customers obtain references and approval from familiar circles, such as friends or family. In addition, Ngoc (2021) has demonstrated that the opinions of intermediary customers are crucial in the decision-making process to participate in Bancassurance. When

acquaintances introduce a product, customers trust it more than conducting independent research. Moreover, due to customers' trust in their acquaintances, they might be inclined to pay a higher fee. Therefore, the research hypothesis is suggested as:

H₇: Recommendations from acquaintances have significant positive effect on the decision to participate in Bancassurance.

Quang (2019) has indicated that the higher the professional qualifications and the better the advisory and communication skills of consultants, the more effectively they can advise customers. This, in turn, helps customers better understand Bancassurance products. Advisors act as intermediaries connecting the insurance company and customers. They are individuals who bring products to customers, provide care, directly address customer inquiries, and maintain and develop a close relationship between customers and the company. Minh et al. (2021) and Hieu (2022) suggest that advisors positively influence the decision to participate in life insurance. Based on these findings, the proposed research hypothesis is:

H₈: Advisors have a positive influence on the decision to participate in Bancassurance.

3. DATA COLLECTION

The data was collected from individual customers of commercial banks in Can Tho City. The survey was conducted in October 2023 by the structured questionnaire to gather demographic information, irrespective of their participation in Bancassurance, including three main sections:

Section I: Selection the targeted respondents of the survey are the individual customers of commercial banks which provided the Bancassurance services. The respondents must be residing and working in Can Tho City with the age ranged from 18 and above years old. Also, respondents participated in the survey consisted two groups, including the participant of the Bancassurance, and the non-participant of Bancassurance as the treatment group. In the survey, the respondents who were not voluntarily purchasing life insurance from the bank due to constraints related to loan agreements were excluded. Therefore, total respondents participated to the survey were 108 individual customers of commercial banks. However, the final sampling size of this study was 62 observations, including 19 participants of Bancassurance (~30.6%), and 43 non-participants of Bancassurance (~69.4%).

Section II is to obtain the detailed information regarding the participation of life insurance through Bancassurance services. In this section, respondents answered the questions in various formats, including single-choice, multiple-choice, and short-answer. As can be seen in Table 1, the measurement of the satisfaction of respondents with the professional of Bancassurance's advisors has been obtained through a set of 5 questions with the Likert 5-point scale (1. Strongly disagree, 2. Disagree, 3. Neutral, 4. Agree, 5. Strongly agree) has been designed, including the customer's satisfaction regarding the professional competence of advisors, years of experience in the insurance sector, advisory skills, information communication abilities, problem-solving skills regarding insurance contracts, and the overall working attitude

Table 1: Questions for the respondent's satisfaction of the professional of Bancassurance's advisor

No	Questions
1	The professional expertise of bank advisors is highly commendable.
2	The advisor possesses several years of experience in the insurance sector.
3	The advisor demonstrates excellent abilities in advising and effectively communicating information to clients.
4	The advisor consistently addresses all inquiries regarding insurance contracts for clients.
5	The demeanor of the bank advisor is highly professional, characterized by courtesy, dedication, and friendliness.

Source: modified from Minh et al. (2021) and Hieu (2022)

of the bank's advisors as suggested by Minh et al. (2021) and Hieu (2022). Each choice made by the respondent was assigned a corresponding point. After scoring all 5 questions, each respondent was aligned with a total converted score. Accordingly, the higher the converted score, the implication is that the respondent has a more positive evaluation of the advisor. Conversely, a lower converted score implies that the respondent has less favorable assessments of the advisor.

Section III is to collect the information of demographic information of respondents, including age, gender, education, marital status, and income, consistent with Wang (2010); Ganesan and Eswari (2016); Weeraratne and Nadeeshika (2016); Shiferaw (2017); Huy et al. (2020) and Ngoc (2021).

4. DATA ANALYSIS

Binary Logistic regression model has been employed to estimate the factors influencing individual customers' decision to participate in the Bancassurance in Can Tho City. The basic function of Binary Logistic regression model is presented as follows:

$$\text{Log}\left(\frac{P(Y_i)}{1-P(Y_i)}\right) = \beta_0 + \sum_{k=1}^8 \beta_{ik} X_{ik} + u_i$$

where,

$P(Y_i)$: probability of decision to participate Bancassurance of individual customers i^{th} ($i=1, 62$); $1-P(Y_i)$: probability of decision to non-participate Bancassurance of individual customers i^{th} ($i=1, 62$). β_0 : intercept, β_k ($k=1; 8$): coefficients of the explanatory variables. X_k ($k=1,8$): the independent variables were added in the Binary Logistic regression model, including age, age squared, gender, income, education level, marital status, acquaintances and advisors. u_i : the error of the model. The details are presented in Table 2.

5. RESULTS AND DISCUSSION

5.1. Descriptive Statistics of the Respondents in the Sampling

Based on the statistical data from 62 observations regarding the utilization of banking products and services in Can Tho City, the

specific number of participants and non-participants is shown in Table 3. The author has observed notable disparities in the survey results. Most respondents, precisely 43 observations (69.35%), were found not to have participated in the Bancassurance product. In contrast, the remaining 19 individuals (30.65%) actively engaged in Bancassurance products. The result indicates the existence of a customer segment that understands and utilizes this product, possibly driven by their need for personal asset protection and investment or an awareness of the value provided by Bancassurance services.

The number of female respondents was 46, accounting for 74.19%, while the number of male respondents was 16, accounting for 25.81%. The results indicate that the gender distribution of interview respondents is relatively uneven, with a gender ratio close to 3:1. Out of the total 62 surveyed customers, 37 respondents are single or divorced, accounting for 59.68% of the total respondents. Meanwhile, 25 respondents are currently in a marital relationship, making up 40.32% of the total respondents.

According to the survey results presented in Table 3, out of the 62 respondents surveyed, 20 respondents, accounting for 32.26%, were introduced to Bancassurance through acquaintances. Meanwhile, the remaining 42 customers, constituting 67.74%, became aware of this type of insurance through various channels, including bank tellers, credit officers, advertisements, television, and social media, or through their proactive efforts to learn about the product.

Table 4 demonstrates that the respondents exhibit a relatively high educational level. Among the 62 respondents participating in the survey, the lowest educational level is at the 9th grade, while the highest is at the Master's level. The average educational attainment for the study sample is 15.6, with 54 respondents having education at the university level or higher. The average income of respondents in the sampling is approximately 398 USD per month. Among them, the highest income reported by a respondent is 2,356.2 (± 392.4) USD per month, while the lowest is 78.6 USD per month. Found results from our survey is corresponded to the statistical report of (Vietnam General Statistic Office, 2024). Accordingly, the average income of Vietnamese people in 2023 is approximate 380 USD per month. The outcome reveals a significant disparity in the income levels among the surveyed respondents.

The Binary Logistic Regression model estimation results in Table 5 indicate that the independent variables significantly impact individual customers' decision to participate in Bancassurance in Can Tho City at a significant level lower than 5%. Out of the 8 independent variables incorporated into the model, income and the presence of a advisors are the factors that significantly affect the decision to participate in Bancassurance ($P < 0.05$). The Log Likelihood ratio is -16.78 , and the correctly classification of the model is indicated at 88.71%.

One of the factors directly influencing the decision to participate in Bancassurance is the role of advisors. The Binary Logistic Regression results in Table 5 indicate that advisors significantly impact the decision to engage in Bancassurance. Advisors are

Table 2: Factors affect decision to participate in Bancassurance of individuals customers

Variables	Description	Measurement	Citation
X_1	Age	Age of respondent	Ganesan and Eswari (2016); Weeraratne and Nadeeshika (2016); Tam (2017); Shiferaw (2017); Nam (2019); Huy et al. (2020)
X_2	Age squared	The square of the respondents' ages.	Ngoc (2021)
X_3	Gender	Dummy variable, obtain a value of 1 if the respondent is male, obtain a value of 0 if the respondent is female.	Wang (2010); Duy (2016); Tam (2017); Shiferaw (2017); Huy et al. (2020)
X_4	Income	The natural logarithm of salary (VND per month)	Weeraratne and Nadeeshika (2016); Duy (2016); Tam (2017); Shiferaw (2017); Huy et al. (2020)
X_5	Education level	Respondent's years of schooling. From the primary education department to the tertiary education department*	Wang (2010); Ganesan and Eswari (2016); Weeraratne and Nadeeshika (2016); Shiferaw (2017); Nam (2019); Huy et al. (2020); Ngoc (2021)
X_6	Marital status	Dummy variable, obtain a value of 1 if respondent married, obtain a value of 0 if respondent unmarried.	Ganesan and Eswari (2016); Nam (2019)
X_7	Acquaintance	Dummy variable, obtain a value of 1 if the respondent was introduced to Bancassurance by acquaintance. Obtain a value of 0 if the respondent was introduced to Bancassurance by another source.	Quang (2019); Ngoc (2021)
X_8	Advisor	Dummy variable, obtain a value of 1 if the respondent was satisfied with the professional of Bancassurance's advisor, and 0 for otherwise**	Quang (2019); Minh et al. (2021); Hieu (2022)

Source: Summarize from literature review and theoretical framework. *In Vietnam, elementary proficiency is the 1st-5th grade, junior high school is the 6th-9th grade, high school education is the 10th-12th grade, junior college proficiency is 3 years, bachelor's proficiency is 4 years, master's education includes 2 years, and doctoral program is four years; SD=Standard deviation; **After the total score for each respondent has been calculated, the average score of 62 respondents have been obtained is 17.81. Compare the average score of the total 62 respondents with the total score of each respondent, categorizing into two cases, respondents with a total score below the average will be considered 0, indicated that the respondents were not satisfied with the professional of Bancassurance's advisor. Otherwise, respondents with a total above average score will be considered as 1 indicated that the respondents were satisfied with the professional of Bancassurance's advisor

Table 3: Description of characteristics of respondents in the sampling

Contents	Observations	Percentage
Bancassurance participation status		
Participated in Bancassurance	19	30.65
Not Participated in Bancassurance	43	69.35
Total	62	100.00
Acquaintances		
Without acquaintances	42	32.26
With acquaintances	20	67.74
Total	62	100,00
Marital status		
In a marital relationship	25	40.32
Single or divorced	37	59.68
Total	62	100.00
Gender		
Female	46	74.19
Male	16	25.81
Total	62	100.00

Source: Calculated from the survey data, 2023

Table 4: Descriptive statistics on education level and income

Variables	Unit	Min	Max	Mean	SD
Education	Years participated in school	9	18	15.6	1.26
Income	USD per month	78.6	2,356.2	398.1	392.4

Source: Calculated from the survey data, 2023

highly regarded when they possess a high level of professional expertise, numerous years of experience, excellent advisory skills, effective communication of product information, and a positive customer care attitude. These factors collectively contribute to

Table 5: Estimated results of factors affect decision to participate Bancassurance of individual customers

Variables	Description	Coefficient	Z	Marginal Effect
X1	Age	0.3215	0.66	0.027
X2	Age Squared	-0.0035	-0.60	0.000
X3	Gender	-0.7508	-0.62	-0.062
X4	Ln(Income)	2.6369*	2.06	0.219
X5	Education level	0.3494	0.84	0.029
X6	Marital Status	-0.1465	-0.10	-0.012
X7	Acquaintances	1.2663	1.32	0.105
X8	Advisors	2.5529*	1.85	0.212
Constant		-56.85522	-2.80	
Observation			62	
Log Likelihood			-16.85	
Pseudo R2			0.56	
Pro>Chi-square			0.00	
Correctly classified (%)			88.71	

Source: Estimated results based on survey data, using Stata 16, *, **, *** denote significance levels of 10%, 5%, 1% respectively

creating satisfaction and a profound understanding of the customer towards life insurance products. Consequently, the probability to participate the life insurance through Bancassurance increases ($P < 0.05$). The results align with the initial expectations and research findings of Quang (2019), Minh et al. (2021), and Hieu (2022).

The results of this research analysis also correspond with the theory of asymmetric information (Akerlof, 1970), which illustrated a situation where one party involved in a transaction has more detailed information about the product or service than the other. In this case, the advisor is considered the party with more detailed information and extensive knowledge about life insurance products than the customer. Some customers mistakenly

perceive purchasing insurance products as similar to depositing savings in a bank, offering attractive interest rates and various traditional insurance benefits. This misconception leads to complaints about asymmetric information in the life insurance industry. To address this issue, the first step is to ensure the quality of information reaching consumers. In this regard, the advisor acts as the intermediary connecting information between the bank and the customer. When the advisor conveys accurate and detailed information about the product to the customer, it helps minimize information asymmetry between the advisor and the customer, enhancing the customer's understanding and trust in life insurance products. This creates conditions for participation decisions based on accurate and comprehensive information.

The decision to participate in Bancassurance not only depends on the information and persuasion from advisors but also on the customer's proactive determination based on their income. As the customer's income increases, their spending power also rises. Therefore, the decision to participate in insurance may be more carefully considered. According to the Binary Logistic Regression results in Table 5, the respondent's income positively impacts the probability of decision to participate in Bancassurance ($P < 0.05$). Specifically, customers with higher incomes have a higher probability of purchasing life insurance by 31% (marginal effect 0.31) than customers with lower incomes.

The research analysis results are consistent with the theory of demand for insurance (Fortune, 1973; Campbell, 1980; Lewis, 1989). As income increases, the customer's demand for insurance also rises. Consequently, idle money is utilized to meet insurance needs. The decision to participate in Bancassurance can be regarded as a strategy to protect oneself and one's family from future financial risks and a purposeful form of savings. Additionally, based on the consumer behavior model, with more disposable income, consumers have higher spending power, leading to higher health care expenditure. This reflects a positive trend in utilizing surplus income to improve the quality of life and safeguard financial security. The results of this research analysis align with the initial hypothesis and are consistent with the findings of (Weeraratne and Nadeeshika, 2016; Duy, 2016; Tam, 2017; Shiferaw, 2017 and Quang, 2019). Therefore, based on these results, it can be suggested that income is one of the influential factors affecting the decision to participate in Bancassurance products.

In this study, despite the statistically significant influences of the variables, including age, squared age, gender, education level, marital status, and acquaintances were not found ($P < 0.1$). However, found coefficients of those variables have corresponded with our hypothesis and the previous scholars. As already mentioned in the previous sections, the individual customers participated the life insurance through Bancassurance channels might be motivated to access the loans from the commercial banks, instead of risks mitigations as the traditional life insurance services. Therefore, the demographic determinations are not the important factors influencing to their decision-making to participate the Bancassurance (Ngai and Hong, 2012). Our results suggested that the role of Bancassurances advisors becomes more

important to enhance the transparency of the information and improve the customers trusts on the life insurance contract through commercial banks (Rudolph, 2016).

6. CONCLUSION

The research focuses on investigating the factors affecting individuals' decision to participate Bancassurance in Can Tho City. The study employed descriptive statistical methods and Binary Logistic regression analysis to analyze information collected from 62 survey samples involving interviews with individuals aged 18 and above in the Can Tho City area. The objective was to identify the factors influencing the decision to participate in Bancassurance and whether advisors impact this decision. The results of Binary Logistic regression analysis highlight the statistically significant effects of both the advisor and income on the probability to participate the Bancassurance of individual customers. The decision to participate in Bancassurance not only depends on the information and persuasion from advisors but also on the customer's proactive determination based on their income. As the customer's income increases, the probability of the decision to participate Bancassurance also rises.

Found results suggest that the Bancassurance's advisors need to respect the principles of professional ethics and business ethics to enhance awareness of the benefits provided by life insurance and to increase the customer's confidences on the Bancassurance products. Advisors should not falsely advertise customers' life insurance products. All advisors must be committed to the trust and reliability of information shared with the customers. Additionally, advisors should always ensure the rejecting of any fraudulent or deceptive practices. Respecting clients' decisions is paramount, and advisors should limit or refrain from imposing life insurance on unrelated transactions. The provision of advice should be thoughtful and without coercion, allowing clients to make informed and comfortable decisions to ensure transparency and ethical conduct throughout the advisory process.

The results of this study concluded that customer's income variability is an important factor effects on the decision to participate the Bancassurance services, suggesting the creating flexible fees and payment options tailored to each customer's financial situation might be useful to enhance the probability to participate to the life insurance through Bancassurance. Also, providing incentives, implementing cashback programs or discounts for individuals with lower incomes, or forming product packages with lower values for customers with lower incomes should be considered by both commercial bank and insurance companies through the integrated programs in order to attract a broader customer base and meet their needs amid the changing income situation.

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