Bancassurance Operations in the Asia-Pacific Region

― *FALIA Bancassurance Survey 2016* ―

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Introduction

Overview

In the coming consolidated world of financial services, the importance of bancassurance in the Asia-Pacific region is beyond dispute. It has become a mainstay of distribution channels in many countries in the region, and is no longer just an alternative channel. However, it is important to recognize that the Asia-Pacific region is made up of a wide range of markets which have different levels of maturity, demographic situations, levels of customer awareness, cultures (customer preferences), and regulations.

Even though these differences among regions affect the bancassurance models or implementation, there should be some general factors that can serve to benefit all bancassurance operations. This survey aims to provide a better understanding of recent trends regarding bancassurance operations in the region, and to help insurers identify and work through their challenges as they continue to develop their bancassurance strategy.

Survey Methodology

In an effort to contribute to the development of the insurance industry in this region, FALIA (The Foundation for the Advancement of Life & Insurance Around the world) conducted a bancassurance survey for the first time.

The analysis in this report is based on a survey[1] via email from May 2016 to September 2016. The questionnaire targets include life insurance companies, life insurance associations, and regulators in the Asia-Pacific region that have a relationship with FALIA. FALIA sent survey forms to 103 institutions[2] in 17 countries (regions) and got 42 responses from 15 countries (for a response rate of 40%).

The participating countries (regions) and a classification of the institutions are shown below (in alphabetical order).

China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Pakistan, the Philippines, Singapore, Sri Lanka, Taiwan, Thailand, Turkey, Vietnam.

- Private companies: 30
- Life insurance associations: 6
- Insurance regulators: 6

The number of responding institutions or selected countries in the figures may vary depending on the valid responses or available dates.

[1] Survey forms consisting of 19 questions were sent to private companies and forms consisting of 10 questions were sent to regulators/associations.

[2] 73 private companies, 14 associations, 11 regulators.

Summary

The findings regarding bancassurance operations in the participating countries include the following observations:

Market Share/Size

- The distribution share of bancassurance in selected countries represents 42.2%, while that of agent channels represents 44.2%. Given the recent growth of bancassurance, the distribution share might converge to 50% bancassurance, 30% agents, and 20% other channels in the future.
- In terms of bancassurance's market size in each country, China's is overwhelming compared with that of other countries. The total bancassurance premium income of the top three countries (China, South Korea, and Taiwan) accounts for about 76% of total bancassurance premium income of the selected countries.

Bancassurance Models

- There seems to be a tendency to move towards exclusive partnerships in recent years, a pure distributor model is still more commonly seen.

Bancassurance Product Type

- Generally speaking, unit-linked products are more popular, followed by endowments in selected institutions. Especially in those countries where bancassurance is dominant, there is a clear customer demand for savings-type products rather than protection products. In addition, under today's low interest rate environment, most responding companies pay the highest commission to encourage sales of unit-linked products.
- From a sales-perspective, unit-linked, term life, and health insurance are superior to endowment and whole life. Therefore, most responders predict unit-linked products will continue to be more popular than endowments.
- There is a clear tendency for insurers to manufacture off-the-shelf products (71%) rather than tailored products (29%) for banks. However, some insurers are trying to develop more products tailored to bank customers' needs.

Support for Bank Operations

- Insurers provide as much support as possible for banks. Call centers play a key role not only in customer service, but also function as a platform for the integration of different channels.

Distribution Methods

- Bank staff play a primary role in selling products among the responding companies, followed by insurer specialists. Most responders use more than two methods.

- Almost two-thirds of related banks have dedicated bancassurance specialist teams that are trained in lead generation, needs analysis, cross-selling, and relationship management in the branches.
- In terms of compensation, almost all responding insurers admitted that there are key performance indicators (KPIs) for new business for sales staff to evaluate their compensation.

Regulations

- The key concerns of regulators in this region are likely to focus on customer protection and compliance with data privacy.

Information Technology

- In terms of IT strategy, while most companies chose customer relationship management (CRM) as their main initiative, an increasing number of companies have begun to adopt big data analytics or predictive analytics to improve the customer experience. Insurers and banks need to create an ecosystem to continually fulfill the customers' ever-changing needs through the development of new technologies.

Key Challenges

- The first challenge of responders is low awareness about life insurance among consumers. The protection gap in the Asia-Pacific region is huge, therefore insurers continually need to develop life insurance literacy to meet untapped customer demand.
- Training the banks' sales staff appropriately will be a key issue in terms of regulations. In other words, insurers need to focus more on customer value rather than market share itself to improve the industry's reputation as a whole.
- "Low margin products," "Low interest rates," or "Market competition" were chosen as key challenges. These answers highlight the fact that insurers are struggling with profitability issues in their bancassurance strategy.
- Forging strong relationships with banks is another key challenge. Insurers must continually maintain close communication with banks to share commitment and enhance relationships of trust by understanding one another.

Key Drivers

- "Compensation alignment" was chosen as a key success factor for generating leads from banks. However, focusing on commission rates might lead to product-pushing or mis-selling. Therefore, insurers should highlight not only commission rates but also holistic support structures and synergistic effects, and try to set non-sales KPIs.
- In terms of profitability, insurers should consider an exit strategy from focusing heavily on savings-related products. Banks can sell protection products as holistic propositions by utilizing big data analytics, which can identify the most appropriate life event of the bank's customers.

- Sales specialists with great skills and deep knowledge are essential to deliver good value to customers.
- A "Good relationship" with an "Excellent partner" is also regarded as a critical success factor. Insurers and banks should have a long-term view with a clear commitment to developing a trust-based relationship. The competition over excellence is likely to move from "among banks" to "among affiliated groups (ecosystems)" in the future. This type of new ecosystem could deliver great value with a customer-centric mindset.
- In ever-changing market environments, insurers need to learn faster than their competitors and encourage innovation to adapt to new realities.
- "Getting back to basics" to seek out an optimal business model by regularly implementing the "Plan-Do-Check-Act (PDCA) cycle" is a vital, yet often overlooked, success factor.

Market Overview

Life Insurance Market Trends

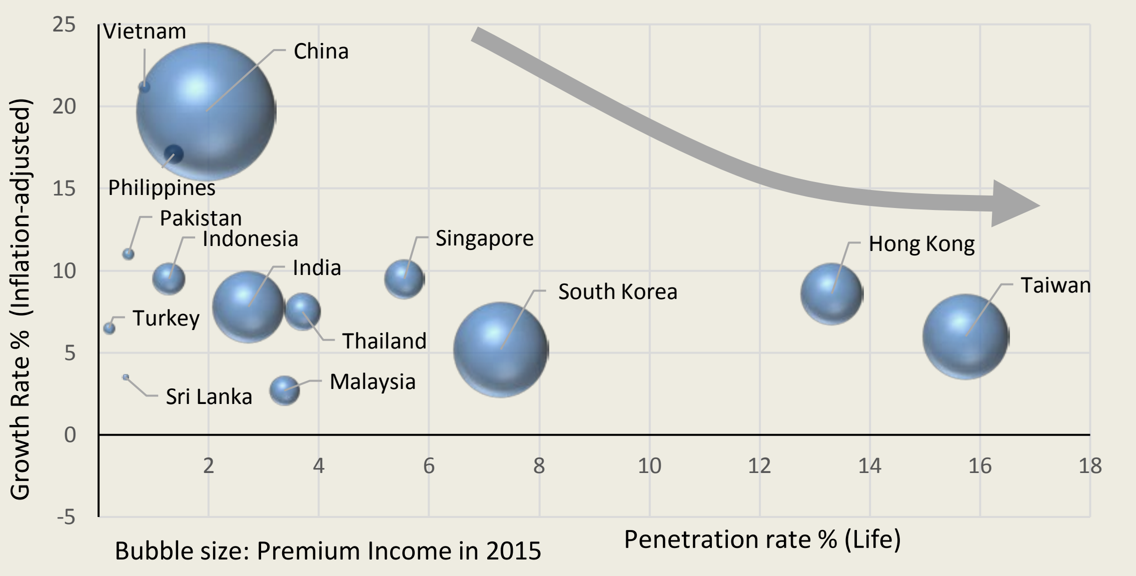
Figure 1 shows the penetration rates and growth rates for the selected countries (14) in the Asia-Pacific region. In terms of 2015 premium, China's life insurance market ranks fourth in the world, followed by South Korea (seventh), Taiwan (ninth), India (tenth), and Hong Kong (fourteenth), respectively.

There was robust premium income growth in Vietnam (21.2%), China (19.7%), and the Philippines (17.1%) compared with that in other countries. In the Philippines, an increase in sales in variable products and an increase in the premiums of new companies contributed to this growth. In China, government support for the development of commercial insurance[3] has played a big role in this recent growth. In Vietnam, the life insurance market remains oriented towards savings, and therefore the growth rate basically depends largely on interest rates in saving products.

The penetration rates for Taiwan and Hong Kong are higher, and rank first and second in the world, respectively.

As the penetration rate progresses, the growth rate moderately slows down. In other words, the bubble generally moves from the upper left to the lower right (gray arrow).

Figure 1 —
Life Insurance Market in Asia-Pacific Region — Penetration Rate and Growth Rate in 2015



Source: World Insurance in 2015 — Swiss Re Sigma

Note: Growth rates of premium income in this figure are calculated using premiums in local currencies and adjusted for inflation, except Sri Lanka (nominal).

[3] Especially for health insurance and endowment insurance.

Bancassurance Market Share

As Figure 2B shows, agent channels are still slightly dominant in select countries[4] (13). But bancassurance has seen sound development in the Asia-Pacific region. In Turkey, Taiwan, South Korea, and Hong Kong, bancassurance has captured a majority of the life insurance market, and in Thailand, China, Malaysia, the Philippines, Singapore, and Indonesia, bancassurance's market share is the second largest (over 35%) and competes with agents' market share (Figure 2A). However, agents still lead market share in India, Sri Lanka, and Vietnamby a wide margin.

Figure 2A —
Bancassurance's Market Share for Life insurance in the Asia-Pacific Region — Premium Income

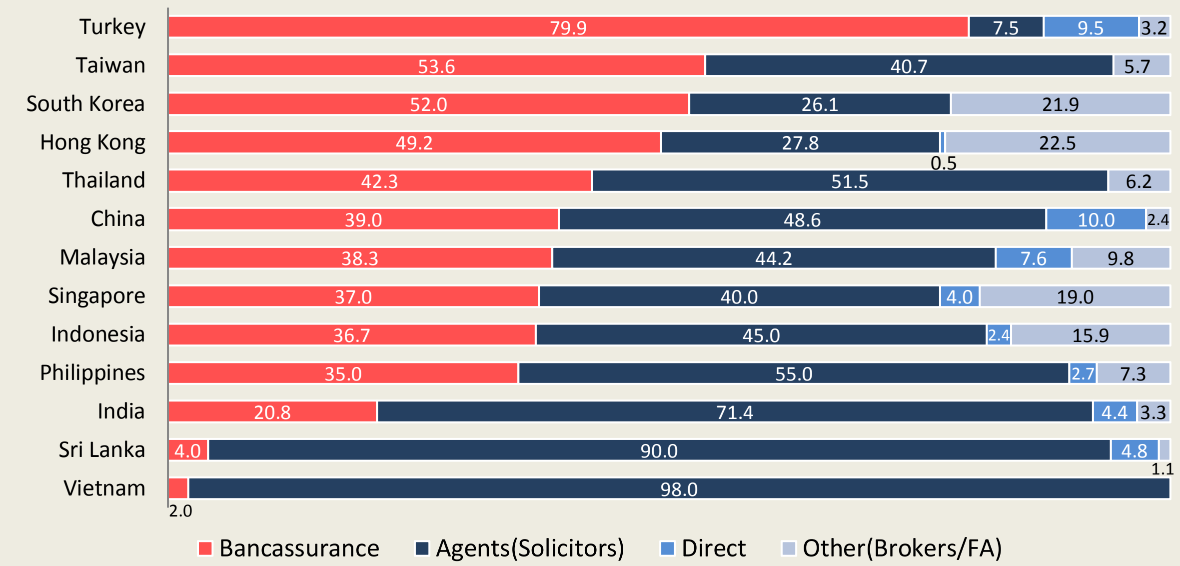
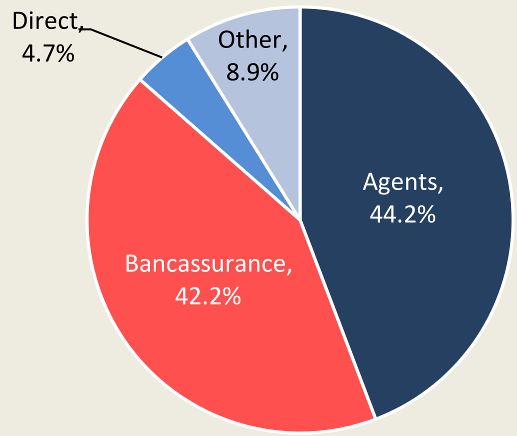


Figure2B Weighted Average of the 13 Countries Above



Source: Industry Associations and Regulatory Bodies / Axco Insurance Market Report

Note: Due to rounding, the breakdown above may not equal 100%. In most cases, the data refers to 2014 or 2015.

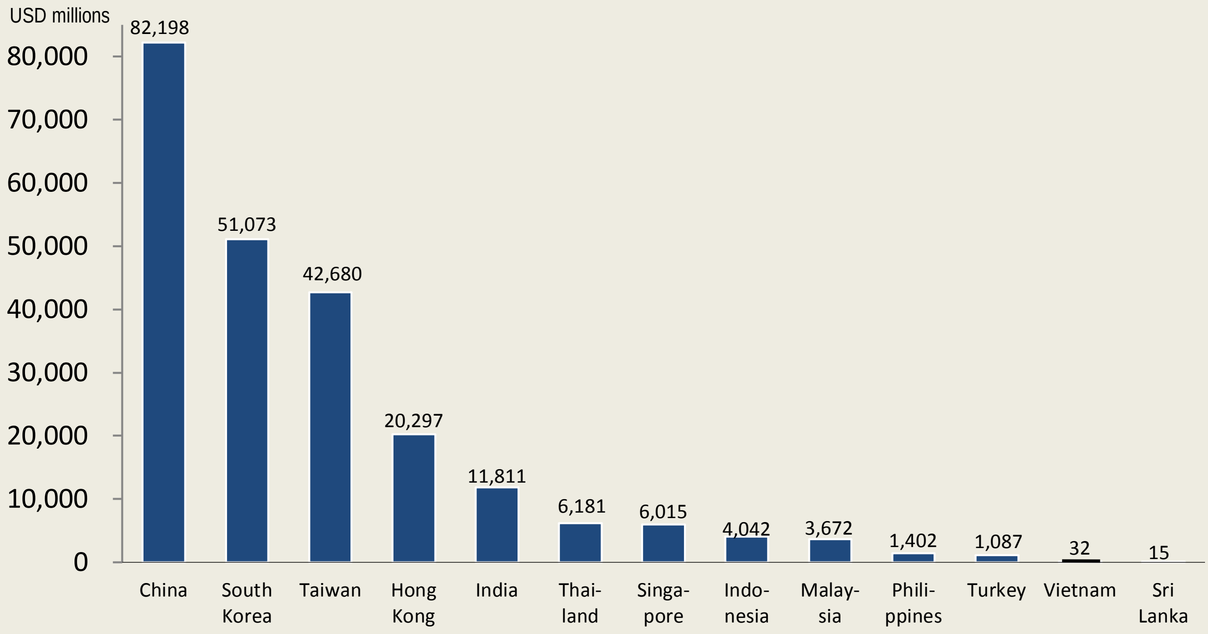
[4] No available data for the distribution share in Pakistan.

There is no doubt that agents will remain a main distribution channel in this region, but some market sources indicate the distribution share might converge at 50% bancassurance, 30% agents, and 20% other channels in the future.

Bancassurance Market Size

In terms of bancassurance's market size in each country, it seems to be heavily tilted towards three countries (Figure 3). China is overwhelming the other countries, and the total bancassurance premium income of the top three countries (China, South Korea, and Taiwan) accounts for about 76% of total bancassurance premium income from the selected countries. Therefore, with this oligopoly situation, there is huge room for growth in the other countries in this region. Especially, compared to its population, India, Indonesia and the Philippines have a great potential.

Figure 3 —
Bancassurance's Market Size in the Asia-Pacific Region — Premium Income



Source: World Insurance in 2015 — Swiss Re Sigma / Industry Associations and Regulatory Bodies / Axco Insurance Market Report

Note: Estimated by multiplying premium income and bancassurance's market share in each country. In most cases, the data refers to 2014 or 2015.

Key Findings

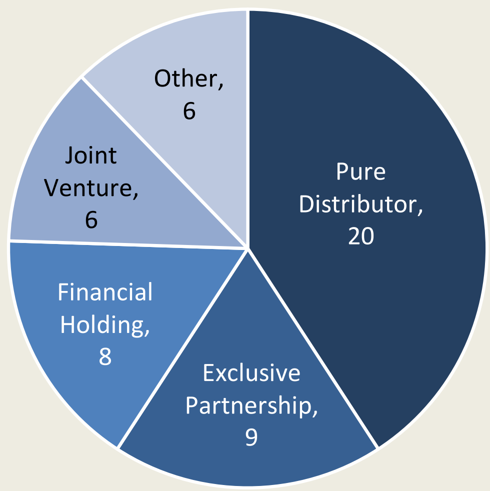
Bancassurance Models

There seems to be a tendency to move towards exclusive partnerships in recent years,[5] but the pure distributor model (open architecture) is still the most common in this survey (Figure 4).

There has also been a longstanding dispute over which bancassurance models are suitable or profitable in this region. Some market sources claim that if insurers have enough funds, exclusive partnerships are preferable in terms of the high level of integration[6] and training of knowledgeable bank staff. Other respondents (Indonesia) pointed out that this trend can result in products being pushed on customers in order to earn significant margins, thereby hindering the healthy growth of the market as a result.

There is no most ideal formula for bancassurance models. Each model has its own pros and cons. But it is obvious that multi-national insurers have tended to focus more on exclusive partnerships recently, with this trend expected to continue for the time being. On the whole, what matters is implementation, regardless of the bancassurance model. This means that insurers and banks should work closely and offer the right products which meet customers' needs efficiently.

Figure 4 —
Bancassurance Models — Number of Companies



(n=27)

Source: FALIA Bancassurance Survey 2016

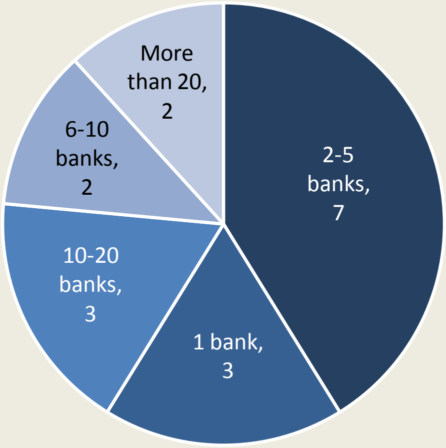
Note: Multiple responses allowed. The pure distributor model might include the referral model.

[5] For example, Allianz's deal with HSBC (2012), AIA Group with Citibank (2013), Prudential (UK) with Standard Chartered (2014), and Manulife Financial Asia with DBS (2016).

[6] Integration of operations, culture, compensation scheme, and business strategy (control of marketing strategy).

In terms of the number of related banks, “2 to 5 banks” is the most common number among the surveyed companies (Figure 5). If insurers have exclusive partnership agreements with banks, the most common period of the agreement was 10 years or 15 years among the surveyed companies.

Figure 5 —
Number of Related Banks — Number of Companies



(n=17)

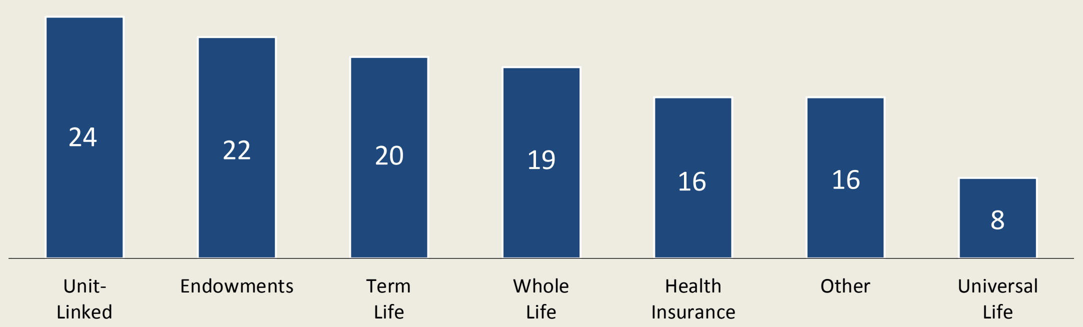
Source: FALIA Bancassurance Survey 2016

Bancassurance Product Types

Figure 6 shows the main bancassurance products among the responding institutions. The most popular bancassurance products differ from one country to the next. Whole life is the most popular bancassurance product in Taiwan, and endowment is the most popular in Thailand. In Korea, single premium immediate annuity is gaining popularity while endowment is losing sales momentum due to negative spread.

Generally speaking, unit-linked products are the most popular, followed by endowment in selected institutions. In countries where bancassurance is dominant, there is a clear tendency (demand) for customers to buy savings-related products rather than protection products.

Figure 6 —
Bancassurance Products — Number of Companies

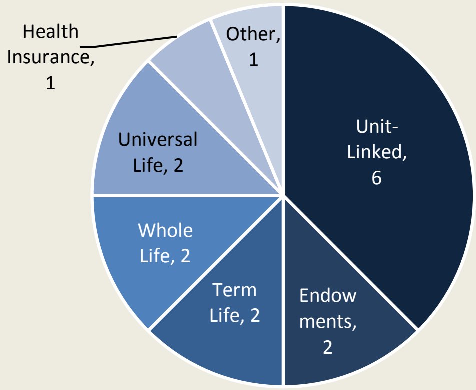


(n=34)

Source: FALIA Bancassurance Survey 2016
Note: Multiple responses allowed. Other products include annuity, pension, and education, etc.

Most surveyed companies pay the highest commission on unit-linked products (Figure 7). This might mean that under today's low interest rate environment, some insurers are focusing more on unit-linked rather than traditional fixed products.

Figure 7 —
Products with the Highest Commission Rate — Number of Companies

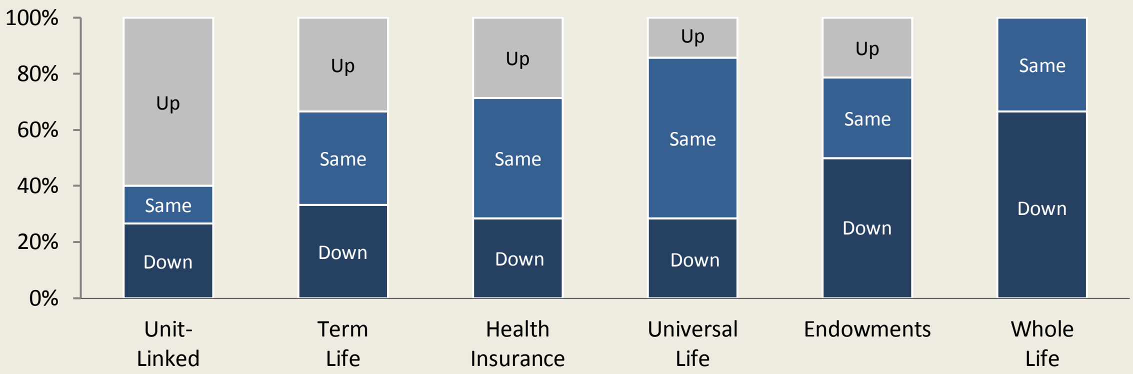


(n=16)

Source: FALIA Bancassurance Survey 2016

From a sales-perspective, unit-linked, term life, and health insurance are superior to endowment and whole life (Figure 8). Therefore, most responders predict unit-linked products will continue to lead endowments. But it is essential to keep in mind that insurers should consider a well-balanced product portfolio, and not invest too heavily in one product that is easily influenced by financial markets.

Figure 8 —
Sales-Perspective — Percentages Based on the Number of Companies

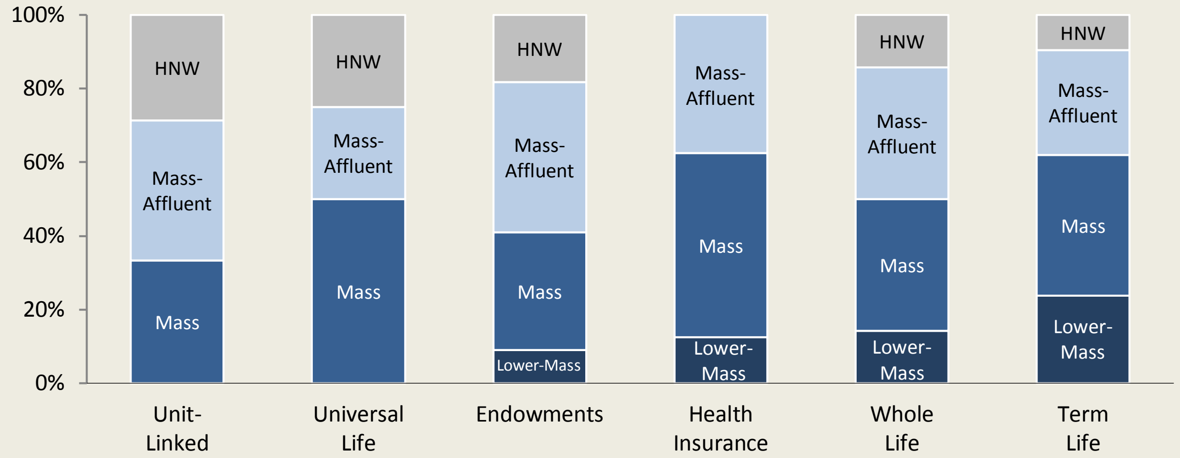


(n=34)

Source: FALIA Bancassurance Survey 2016 Note: Multiple responses allowed.

From a target segment point of view, most products are developed to market to the mass or mass-affluent segment (Figure 9). As the target segment of unit-linked products includes high net worth (HNW) and term life includes the lower-mass segment, given the fierce market competition in mass-market there might be a huge opportunity around the HNW, micro, and SMEs segments where the competition is less intense.

Figure 9 —
Target Segment — Percentages Based on the Number of Companies

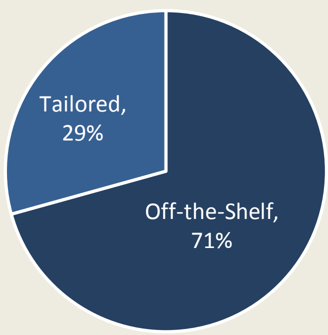


(n=34)

Source: FALIA Bancassurance Survey 2016
Note: Multiple responses allowed.

There is a clear tendency for insurers to manufacture off-the-shelf products for banks (Figure 10). It should be no surprise that most insurers (71%) place importance on efficiency, but it is worth noting that some insurers (29%) try to develop more tailored products which meet bank customers' needs.

Figure 10 —
Classification by Tailored or Off-the-Shelf — Percentages Based on the Number of Products



(n=58)

Source: FALIA Bancassurance Survey 2016 Note: This figure (%) shows the average of all products.

Support for Bank Operations

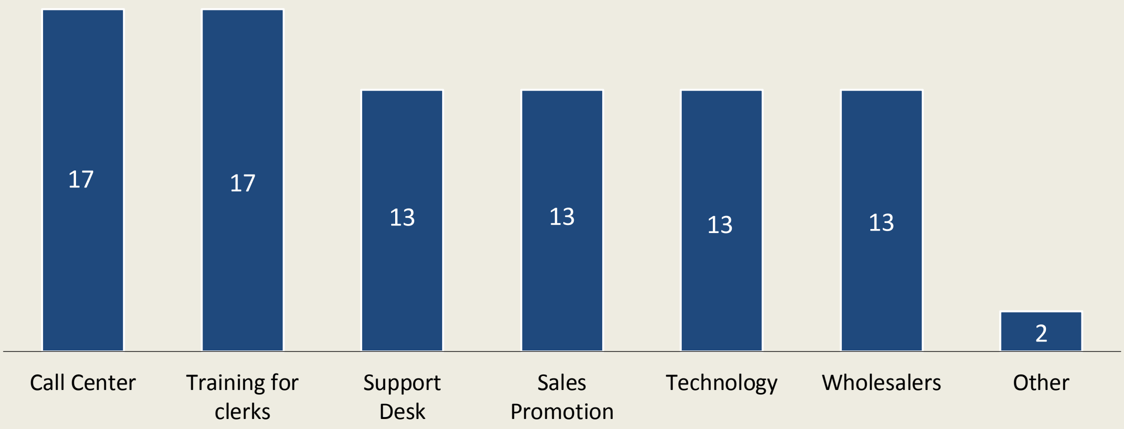
Figure 11 shows the various methods by which insurers support banks. Most respondents checked more than four answers and the answers were divided almost equally.

Therefore, it can be said that insurers do offer as much support as possible for banks. Most companies seeing success with bancassurance[7] in this survey have set up call centers and send wholesalers to banks. Call centers play a key role not only as a form of customer service, but also in that they function to help integrate multiple channels. One respondent (Japan) explained that it was essential for insurers to establish a support control center to monitor and coordinate various types of support and optimize the banks' sales performance.

While insurers are mainly responsible for training on product knowledge, banks are responsible for training on sales processes like lead generation, referral processes, and cross-selling. Generally speaking, other functions such as technology support, customer service, and sales promotion are shared by both the banks and insurers.

Therefore, as mentioned in the section on bancassurance models, collaboration is a critical success factor for maintaining a substantial support structure.

Figure 11 —
Support For Bank Operations — Number of Companies



(n=19)

Source: FALIA Bancassurance Survey 2016

Note: Multiple responses allowed.

[7] FALIA defines "companies seeing success with bancassurance" as companies with bancassurance sales ranks in the top five in their countries, and a bancassurance distribution share in their companies of 30% or more.

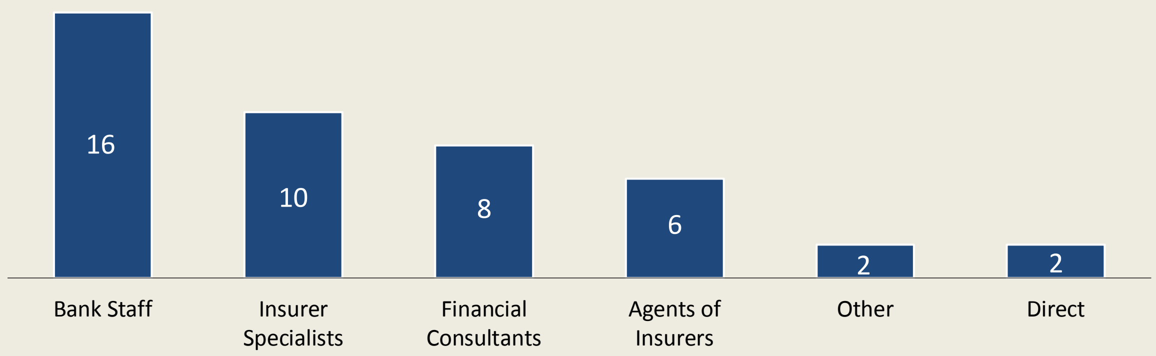
Distribution Methods

Figure 12 shows the distribution methods insurers use to sell bancassurance products in banks. Bank staff play a primary role in selling products among the responding companies, followed by insurer specialists.

Most responders checked more than two methods, meaning that they combine each method according to the product type or customer segment. For instance, licensed financial consultants (advisors) offer investment products or pension products to the HNW segment in the context of wealth management services, while telemarketers (direct method) offer simple products to middle class customers.

Overall, as mentioned in "Support for Bank Operations (Call Centers)," it is key to have the ability to combine each method to deliver a seamless experience to banks' customers.

Figure 12 —
Distribution Methods — Number of Companies



(n=20)

Source: FALIA Bancassurance Survey 2016

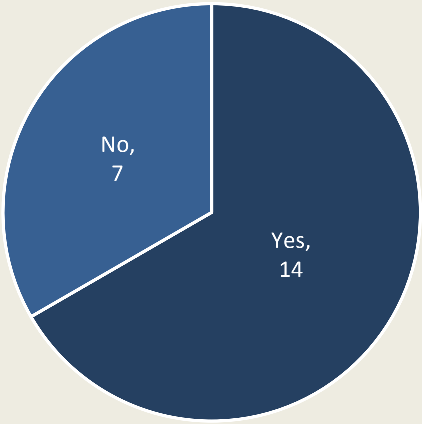
Note: Multiple responses allowed.

In addition to this, it is notable that almost two-thirds of partnered banks have dedicated bancassurance specialist teams that are trained in lead generation, needs analysis, cross-selling, and relationship management in the branches (Figure 13).

Most insurers also have wholesalers (Figure 11) to take care of each of the banks and work closely with the dedicated teams at those banks. These dedicated teams make it possible to have integrated service offerings based on a customer-focused mindset, better compensation alignment, and mutually beneficial operations.

The companies seeing success with bancassurance in this survey adopt "insurer specialists" as a distribution method, and related banks have "dedicated bancassurance specialists" as well.

Figure 13 —
Dedicated Bancassurance Sales Specialist Teams — Number of Companies



(n=21)

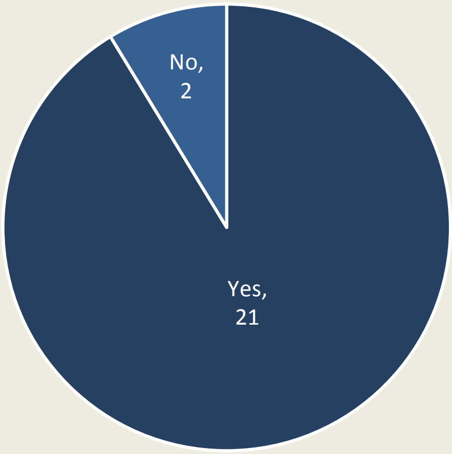
Source: FALIA Bancassurance Survey 2016

Note: The question was: "Do related banks have dedicated Bancassurance sales specialist teams that are trained in lead generation, needs analysis, cross-selling, and relationship management in the branches?"

From a compensation point of view, almost all of the responding insurers established KPIs for new business for sales staffs to evaluate compensation (Figure 14).

Some responders (Indonesia) indicated that they also linked KPIs to quality of service and offer advice to avoid pushing products or mis-selling.[8]

Figure 14 —
Setting KPIs for Sales Staff — Number of Companies



(n=23)

Source: FALIA Bancassurance Survey 2016

Note: The question was "Does your company set selling goals (KPIs) for new business for sales staff/managers to measure the benefits to your business or evaluate compensation?"

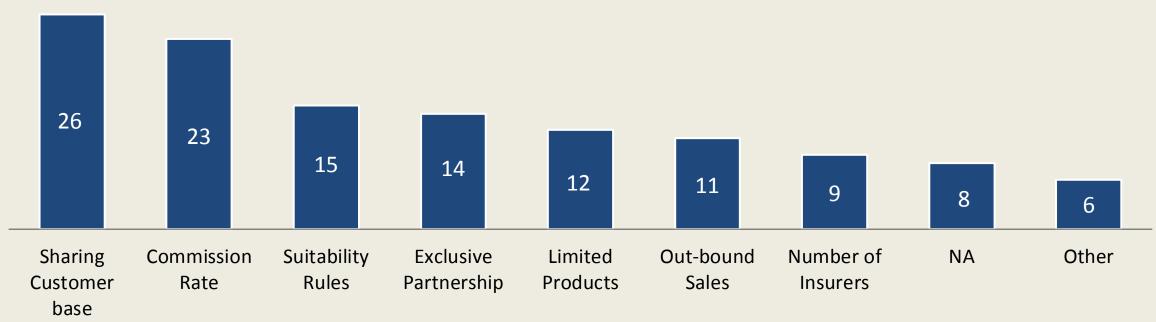
[8] Some banks don't pay commission on life products to each bank staffer directly, but take it into consideration as part of their personnel evaluations once a year.

Regulations

It is obvious that the development of bancassurance in a particular country is largely dependent on the regulations of each individual country. There has been a trend towards the deregulation of bancassurance to create a level playing field among financial institutions or in the aim of raising the insurance penetration rate. This trend has contributed to the significant development of bancassurance in recent years.

In some countries, regulators have swung back towards strengthening regulations on bancassurance due to an increased number of inappropriate sales. In Japan, regulators have led the industry to show commission rates to customers. In Thailand, due to banks' bargaining power, high commission rates and the occurrence of mis-selling are becoming big issues, and so regulators are now developing solicitation guidelines[9] which prohibit conditional sales with bank associations. LIFE Framework[10] in Malaysia also aims to strengthen market conduct to enhance consumers' protection by introducing a balanced scorecard (non-sales KPIs) as a basis for the remuneration of intermediaries. In Hong Kong, indemnity commission was banned in 2015, which caused a sharp decline in unit-linked sales. In China, CBRC and CIRC jointly issued circulars[11] on regulating the sales behavior of bancassurance in 2014, which focused on the protection of policy purchasers' rights. Regulators in India also tried to prohibit incentives for bank sales staff. As such, insurers and banks now need to have more robust governance management than they did in the past.

Figure 15 —
Areas of Bancassurance Regulations — Number of Institutions



(n=35)

Source: FALIA Bancassurance Survey 2016 Note: Multiple responses allowed.

Another major issue is data privacy compliance (sharing customer base), which was checked by most of the responders (Figure 15). Although sharing a customer base is a key success factor of bancassurance, insurers should access customer base appropriately without circumventing regulations.

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[9] For example, banks should conduct their own mystery shopping and separate insurance service from bank deposit counters.

[10] http://www.bnm.gov.my/files/2013/Life_Insurance_and_Family_Takaful_Framework_Concept_Paper_v2.pdf

[11] Key points of the circular are a maximum of three insurers per bank, policies must contain cooling-off periods and risk notices, insurers and banks must develop protection and long-term savings products, sales personnel must be properly managed, and products sold to low-income households or the elderly shall be low-risk products with stable returns.

On the whole, a key concern of regulators in this region seems to focus on customer protections like suitability, transparency, and professional sales practices.

Information Technology

Figure 16 shows initiatives responding companies have taken in their IT strategies. Although most companies choose CRM as their initiative, an increasing number of companies have begun to adopt big data analytics or predictive analytics to improve customer experience. By analyzing bank customer base, including lifecycle events, banks can offer the right product at the right time in their customers' life stage.

In addition to data mining, respondents are utilizing IT as

-Electronic points of sales systems (Indonesia),

-Automated proposals (estimation/underwriting: Philippines),

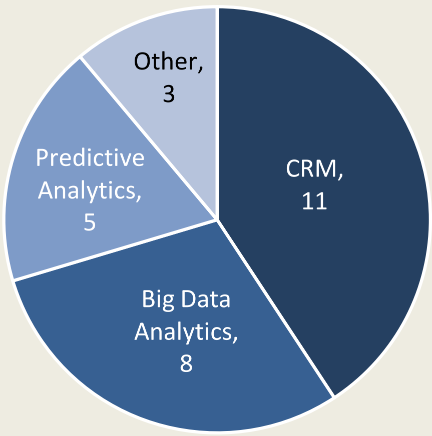
-e-signatures (Indonesia),

-Portal devices (tablets: Korea),

-Lead management, and sales management (Philippines).

IT is a key element to allow each stakeholder to offer integrated services[12] to the customer. Insurers and banks need to create an ecosystem to continually fulfil the customers' ever-changing needs through the development of new technologies.

Figure 16 —
IT Strategy Initiatives — Number of Companies



(n=13)

Source: FALIA Bancassurance Survey 2016 Note: Multiple responses allowed.

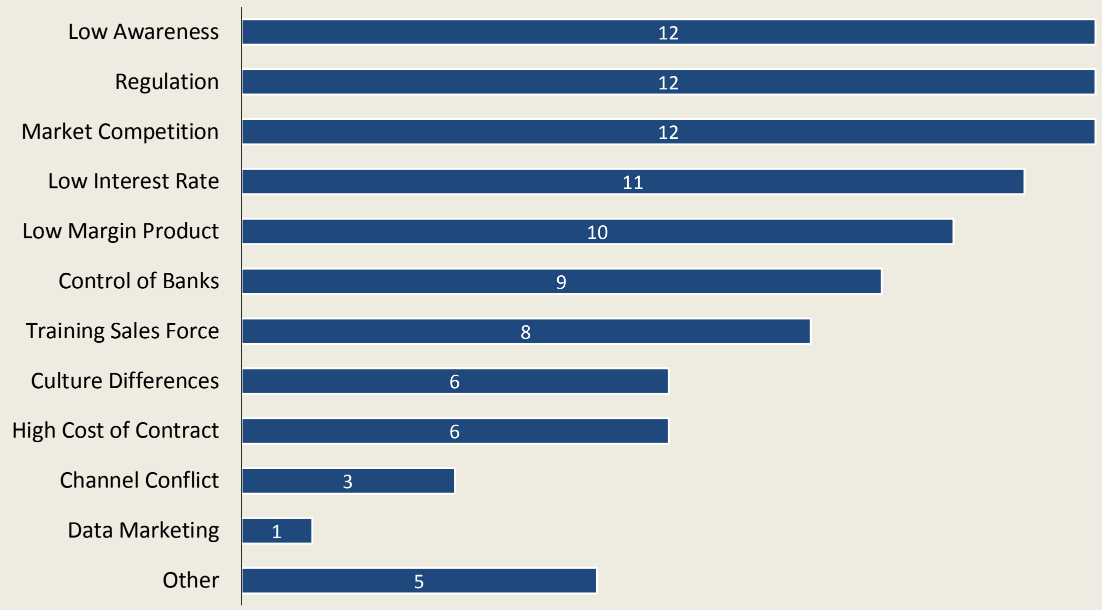
[12] For example, offering retirement planning as a solution to customer needs.

Key Challenges

Even with the recent significant growth of the bancassurance channel, there are still many challenges to keep in mind regarding the future. One of the top three challenges is the low awareness of life insurance among consumers (Figure 17), which has been the foremost challenge in the industry around the world for quite some time. The protection gap in the Asia-Pacific region is huge, therefore insurers must continually develop life insurance literacy to meet untapped customer demand. For instance, in the Philippines, PLIA has launched a financial-literacy program[13] for secondary schools in collaboration with FALIA. Some insurers have developed free apps to educate customers by gamification. Micro-bancassurance[14] is also likely to be another way to enhance the life insurance penetration rate.

Regulations have a significant impact on bancassurance business. In fact, due to stricter regulations in the interest of consumer protection, some bancassurance markets have declined. Therefore, training banks' sales staff appropriately and effectively will be a key issue for insurers. In other words, insurers need to focus more on customer value[15] rather than market share itself to improve the industry's reputation as a whole. After all, making a large pie together is much better than competing with each other for a small pie.

Figure 17 —
Challenges — Number of Companies



(n=33)

Source: FALIA Bancassurance Survey 2016 Note: Multiple responses (top three challenges) allowed. "Other" includes "ever changing technological landscape," "capital requirements," "volatile market," and "compensation scheme for lead generation."

[13] This program will also initiate an essay writing contest for schools, together with a lecture series. Ref: linked article http://www.businessmirror.com.ph/falia-plia-launch-financial-literacy-program/

[14] http://www.asiainsurancereview.com/Magazine/ReadMagazineArticle?aid=36317

[15] In some countries, the bancassurance lapse rate is higher than that of agents due to poor follow-up or after-service. In addition, the high turnover rate of sales staff is also a challenge in terms of staff education.

"Low margin products," "Low interest rates," or "Market competition" are all profitability issues. With intensified market competition, insurers are urged to compete on the commission rate to increase leads from banks if they choose an open architecture model. If insurers could enter into an exclusive partnership contract to overcome this kind of competition, this might cause a "High cost of contract" issue.

Furthermore, short-term saving products in a low interest rate environment would make it difficult to develop competitive products.[16] Motivating and training the sales force under the current regulations also costs a great deal. All in all, these factors lead to the problem of low margins. As you can find in the next chapter, some recommendations to dealing with this problem include a differentiated strategy (distributing protection type products with a needs-and-solution based approach through advanced data mining), or a back to basics strategy.

Forging strong relationships with banks is also a key challenge ("Control of banks," "Culture differences"). Banks might look for better insurers if they are not satisfied with the way their current partners are maximizing their customer relationships. Therefore, insurers must continually have close communication with banks to share their commitment and enhance relationships of trust by understanding one another.

[16] Insurance products should compete with other wealth management products through other alternative channels.

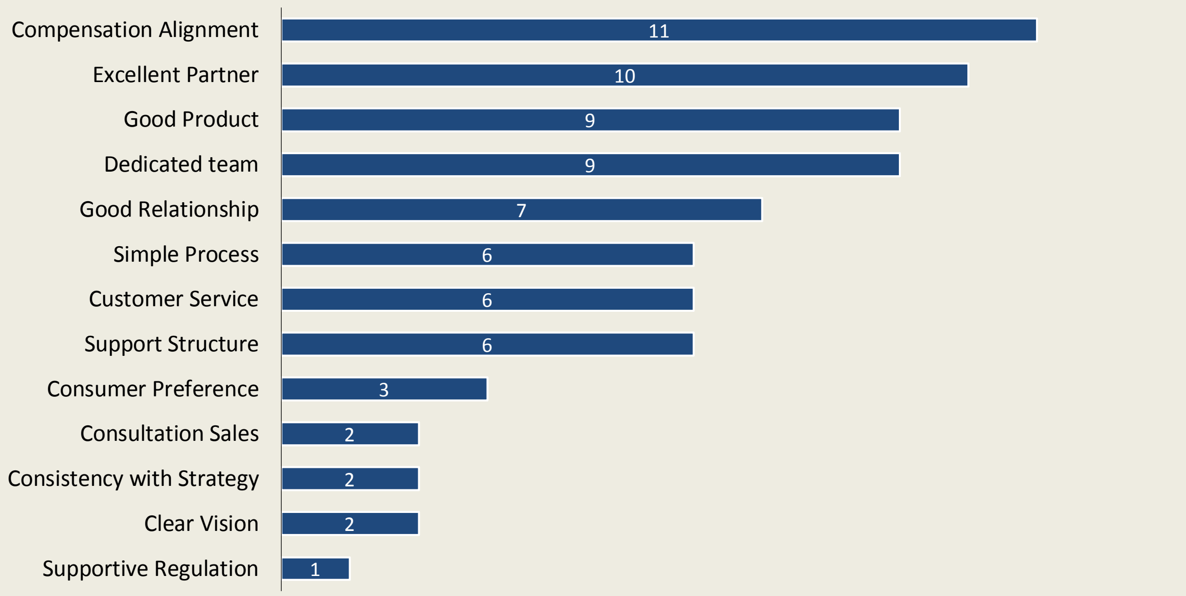
Key Drivers

Key drivers are essentially the flip side of the key challenges discussed in the previous chapter. The measures to overcome challenges might be identified as "key drivers." The first key driver of this survey is "**compensation alignment**" (Figure 18). Compensation alignment, or in other words an incentive scheme, is a key success factor to generate leads from banks or foster cross-selling. But due to fierce competition, high commission rates are more likely to squeeze the margins of insurers.

Therefore, there is no doubt that if insurers could set finely-tuned commission rates with mutually beneficial agreements, it would lead to great success with a bancassurance strategy. But it should be kept in mind that only focusing on commission rates might lead to product-pushing or mis-selling and ruin the future success of the bancassurance channel. Therefore, insurers should highlight not only commission rates, but also holistic support structures and synergistic effects and try to persuade banks to set additional non-sales KPIs.

"**Good product**"[17] is also a key success factor with a bancassurance strategy. It should not only be tailored for every market need, but must also be simple enough for bank staff to sell. One respondent (Thailand) recommended that new product development should come in packages which are easy to pick and choose from for selling. In terms of profitability, insurers should start to consider an exit strategy from heavily focusing on savings-related products like unit-linked products. That's where a differentiated strategy comes in. Banks can sell protection products[18] as a holistic proposition by utilizing big data analytics, which can identify the most appropriate life event of bank customers. But this is easier said than done, which is why it could differentiate your company.

Figure 18 —
Key Drivers — Number of Companies



(n=22)

Source: FALIA Bancassurance Survey 2016 Note: Multiple responses (top three key drivers) allowed.

[17] Most companies seeing success with bancassurance in this survey chose "Good product" as their key driver.

[18] Insurers should consider capital efficiency, given that new capital regulations have a negative effect on savings-type products.

Almost half of the responders chose "**Dedicated team** (sales specialist)" as a key driver. Sales specialists who can concentrate on bancassurance business with great skill and deep knowledge are essential to delivering high value to customers and overcoming the competition. Insurers should put more management resources into training sales staff from a long-term view to prevent high turnover rates. In conjunction with "**Customer service**" and "**Simple effective process**," a dedicated team contributes to a differentiated strategy via executional excellence.

A "**Good relationship**" with an "**Excellent partner**" is also regarded as a critical success factor. Insurers and banks should have a long-term view with a clear commitment to develop a trust-based relationship. In the context of ecosystems, an "Excellent partner" does not only mean banks but also other industries, including health-related companies, wealth management firms, IT vendors, NGOs, mobile providers, or possibly leisure related companies and others. The competition for excellence is likely to move from "among banks" to "among affiliated groups (ecosystems)" in the future. Such a new ecosystem can deliver great value more effectively[19] with a customer-centric mindset.

Finally, in ever-changing market environments, it is impractical to seek a one-size-fits-all formula. Insurers need to learn faster than their competitors and encourage innovation to adapt to new realities. In a more practical sense, "getting back to basics" to seek optimal business models by regularly implementing a "Plan-Do-Check-Act (PDCA) cycle[20]" is a vital, yet often overlooked, success factor.

[19] Some wealth management firms have started to adopt "Lobo advisors" in the interest of cost efficiency.

[20] PDCA (plan–do–check–act or plan–do–check–adjust) is an iterative four-step management method used in business for the control and continual improvement of processes. It is also known as "Kaizen" in Japanese.

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