

**UNIVERSITY OF KWAZULU-NATAL**

**THE PRODUCT MIX OF INSURANCE SALES AMONG STANDARD BANK FINANCIAL SERVICES  
ADVISORS IN THE GREATER DURBAN AREA – A MANAGEMENT PERSPECTIVE**

**By**  
**SUNDRESAN MOODLEY**  
206510511

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**Supervisor: Dr Abdul Kader**  
**Co supervisor: Prof. W. Geach**

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## DECLARATION

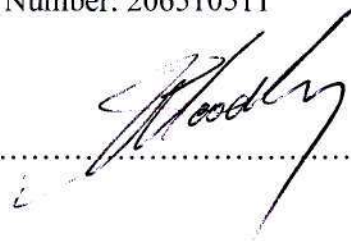
This research has not been previously accepted for any degree and is not being currently considered for any other degree at any other university.

I declare that this Dissertation contains my own work except where specifically acknowledged

Student Name: Sundresan Moodley

Student Number: 206510511

Signed.....



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## ABSTRACT

The bank provides financial services to individuals and businesses. These services include opening bank accounts, providing loans, and vehicle asset financing. To provide clients with a comprehensive financial offering, products from life insurance companies have been introduced to the banking environment. These products include risk products (life, dread disease and disability products), and investment products (unit trusts and endowment products).

Analysis of sales figures by insurance companies suggest that more investment products are sold than risk products. This study explores the reasons for the inconsistent product mix sold by the bancassurance distribution channel. The study focuses on Standard Bank financial advisors in the greater Durban area and includes their views, and those of the related broker consultants and managers, of the salient issues.

A comprehensive literature review provides a background to the study. A number of reasons for the phenomenon investigated here have been provided by various writers internationally, and these constitute the point of departure for the study. The broad themes that impact on the product mix sold are identified as being the need to comply with the relevant legislation, training and product knowledge, integration with the bank, and business processes.

Based on the themes mentioned in the preceding paragraph, the main objectives of the study were the following: to assess the impact of regulation on the business of the advisor; to investigate the impact of training and product knowledge on the product mix offered to the client; to explore the relationship between the advisor and the bank he finds himself in; to assess business processes in the sale of insurance products.

The fieldwork was exploratory in nature with a questionnaire being administered to financial advisors, broker consultants, and managers. The results of the study were evaluated and various recommendations are made. An implementation plan is provided to aid in the implementation process.

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## CHAPTER 1

### INTRODUCTION

#### 1.1 Introduction

This chapter provides an overview of the study undertaken. It describes the motivation for the study, the focus of the study, the problem statement, and the objectives and limitations of the study. In addition, a brief outline of the subsequent chapters is provided.

A bank is traditionally seen as a provider of financial services to businesses (large and small) and to the public at large. These services include the opening of bank accounts, the provision of home loans, business loans or vehicle asset finance, and the provision of investment opportunities such as fixed deposit and money market accounts.

The introduction of life insurance products in the banking environment is what is known as 'bancassurance' – the distribution of life insurance products in a bank. The marketing and distribution of these products is a specialized function that should be facilitated only by trained and skilled financial advisors appointed by a bank. This service enables the bank to provide its customer with a holistic financial services offering. The bank therefore could be seen by its clients as a 'one-stop-shop' for all financial services.

Banks do not provide life insurance products. These products include both risk and investment products. The various life insurance companies in South Africa design and supply these products through financial advisors.

Although the advisors believe that they make clients aware of risk products, the sales results do not confirm this, as the product mix leans heavily to the side of investment products.

## **1.2 Motivation for the study**

This study has previously been conducted in various countries abroad (Chester; Painter-Eggers; Gopalan 2007); some surveys have been conducted in South Africa such as the “Bancassurance Study – South Africa” conducted by RGA and CF Efron Company in 2007 (RGA and Efron Company LLC 2007) but there has never been a comprehensive study on bancassurance within Standard Bank in particular.

The four large banks in South Africa that have bancassurance distribution channels are: First National Bank (FNB), Amalgamated Banks of South Africa (ABSA), Nedbank, and Standard Bank. The findings of the study therefore will not be unique to Standard Bank, but applicable to the entire bancassurance industry within South Africa.

Some of the large life insurance companies that provide the various life insurance products to bank financial advisors to sell to their clients include Liberty Life, Sanlam, Old Mutual, Metropolitan Life, Momentum and Discovery Life. The findings of this study may benefit such insurance companies by informing their future distribution strategies in relation to such matters as the design of their products and the third party distribution by broker consultants who essentially market their life insurance company’s product to the financial advisor.

## **1.3 Focus of the study**

It will focus on the following four broad categories:

- Compliance

- Training
- Integration with the bank
- Business processes

The findings are intended to inform management and product suppliers of the following:

- The reasons for the sale investment products favouring risk products in the product mix
- The potential risk faced by Standard Bank if there is contravention of the Financial Advisors and Intermediary Services (FAIS) act
- The creation of opportunities for banks and sales managers to implement appropriate corrective measures

#### **1.4 Problem statement**

Financial advisors who sell insurance products in the bank (bancassurance) are one of four traditional distribution channels for life insurance companies, the other three being the independent financial advisor (IFA or broker), the tied agent (he is tied to one company and therefore allowed to market only his company's products) and the call centre agent (who too is tied to a particular insurance company). The bancassurance distributor is similar to an independent broker (who can sell any insurance company's product). Over the years, this distribution channel has grown into a successful distribution network.

Recent analysis by insurance companies on the product mix sold by bank financial advisors has indicated that more investment products are sold than risk products. Sales analysis figures suggest that the product mix of insurance sales by financial advisors at Standard Bank in the greater Durban area, the subject of this study, favour investment over risk (Internet 12).

In the current regulatory environment, the banks and insurance companies are concerned about this trend. The Financial Advisory and Intermediary Services (FAIS) Act demands that all insurance sales people complete a comprehensive financial needs analysis and provide appropriate advice. Life

insurance companies are concerned that their products are not been appropriately sold by bancassurance distribution channels.

### **1.5 Objectives**

The study evaluates the dimensions of compliance, training, integration with the bank and business processes, from the perspective of the three groups being sampled: the financial advisor, the broker consultant and the sales manager. The researcher therefore has an opportunity to analyze and compare the view of the advisor, the broker consultant and sales manager.

This study explores the reasons for the imbalanced or inconsistent product mix sold by financial advisors to clients and provides recommendations on ways to address this. The findings of this study may inform the strategies of the management both of the banks and of the insurance companies.

The main objectives of the study are outlined below:

*(a) Compliance: To assess the impact of regulation on the business of the advisor.*

Current legislation regulates the manner in which a financial advisor provides advice to the client. An important component of the regulation is to complete a comprehensive financial needs analysis for every client. This would ensure that holistic advice is provided. It follows therefore that the products offered should be appropriate to the needs revealed during the financial needs analysis. If a compliant sales process is followed, a more balanced product mix of risk and investment products should be offered to the client.

*(b) Training and Product Knowledge: To investigate the impact of training and product knowledge on the product mix offered to the client.*

Training of financial advisors ensures that they maintain the necessary levels of skill and expertise required in the financial planning environment. Training is provided to financial advisors,

management and bank staff. Its content will look at up-skilling the financial advisor on products as well as on other industry related matters. Training is normally provided by management, product suppliers and bank staff.

*(c) Integration with the Bank: To explore the relationship between the advisor and the bank he finds himself in.*

The advisor is expected to work closely with the bank in order to maximize the business opportunities afforded. Bank staff such as the manager, sales consultants and tellers have a role to play in the business of the advisor.

*(d) Business Processes: To assess business processes in the sale of insurance products.*

The sale of risk products is perceived to be a long and drawn-out process.

The above objectives are informed by a comprehensive literature review which is provided in Chapter Two.

Chapter Three outlines the method used in the research. The study was a quantitative study. Questionnaires were distributed to financial advisors, sales managers and broker consultants. This chapter also highlights some of the limitations of the study. These included non-completion of the questionnaire, the varied tenure of advisors and the vast distances between branches. Chapter Four provides the results of the study in graphical and tabular format. Chapter Five analyses these results and Chapter Six provides recommendations, implementation plans and conclusions to the study.



## **1.6 Conclusion**

This chapter has provided the framework on which this study was based. The problem statement and objectives have been clearly stated. By addressing these objectives, greater insight into the reason for an unbalanced product mix will be provided. This will be valuable in helping management of both the bank and insurance companies to design strategies to address this. Financial advice provided by financial advisors to the public should be comprehensive and sales should reflect a *balanced product mix of both risk and investment products*.

The subsequent chapter provides a detailed literature review which informs the objectives of the study.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 Introduction

In South Africa, life insurance products have traditionally been distributed through a direct sales force (agents) and brokers. In recent years, this position has been challenged by the arrival of other forms of distribution such as bancassurance (Moss 2007).

This study examines the product mix of insurance products sold by Standard Bank's bancassurance distributors in the greater Durban area. Currently, insurance products sold by Standard Bank financial advisors are primarily investment and risk, with investment products being sold more extensively than risk. Studies of this phenomenon have been conducted extensively worldwide, but the phenomenon has not previously been studied with specific reference to the Standard Bank in South Africa.

*Life insurance products are products governed by the Long Term Insurance Act 52 of 1998. These products include investment products such as endowment policies, and risk products such as life or disability policies (Leary, Eggers, Kehrer 2007).*

Another type of insurance is referred to as short term insurance. This is governed by the Short-Term Insurance Act 53 of 1998. This legislation deals mainly with motor policies and property policies (Kopel 2005). A 'short term policy' may be an engineering policy, a guarantee policy, a liability policy, a miscellaneous policy, a motor policy, an accident policy, a property policy, or a transportation policy (Sharrock 2007). This study will not look at short term insurance.

In order to grow sales and revenue over time, two things are important: to increase agent productivity and to grow other forms of distribution (Moss 2007). Many insurance companies are turning to bancassurance to increase their market share and to diversify their distribution channels. The distribution of insurance products through banks is increasing throughout many parts of the world. As life insurance markets increase worldwide, bancassurance seems to be the natural choice for distribution. (Chester; Painter-Eggers; Gopalan 2007).

The distribution of insurance products through banks has become one of the fastest growing revenue streams for banks in South Africa. Bancassurance cements the relationship the bank has with its clients. According to Thami Bolani, the chairman of the National Consumer Forum, bancassurance was advantageous for the consumer as it created a one-stop shop, saving consumers a lot of time (Mafu 2006).

## **2.2 Definition of bancassurance:**

Bancassurance may be defined as the sale of life insurance through banks (Norman 2006). It may also be referred to as the selling of insurance products to bank customers (Mafu 2006). Chester et al, (2007) define bancassurance as the sale of life insurance and pension products through banks.

An overview of the four major banks (First National Bank (FNB), Amalgamated Banks of South Africa (ABSA), Nedbank and Standard Bank) that use bancassurance can be found in the appendices.

## **2.3 Growth in bancassurance**

Recent surveys in the USA show that as the agency distribution ages and shrinks, an increasingly large segment of the population finds itself with insurance needs not being met. This presents an opportunity to banks and their sales programmes (Gies and Kehrer 2000).

According to Lynn Niedermeier, president of Invest Financial Corporation, Tampa, Florida, the increasing focus of bank financial advisors on financial planning should see banks increase sales not only of insurance products but also of a menu of other banking financial products (Thomas 2005). Financial advisors are in a position to discover life insurance needs when they assess the full financial situation of their customers (Leary, Eggers, Kehrer 2007). They are in this position because they have access to the bank's database as well as having clients being referred to them by other bank personnel.

The sale of insurance products through the bank has many benefits to the bank, one being that the customer base of the bank will be better protected from competition. With life insurance contracts being long term, the bank's success in exploiting its client base to sell life insurance products will provide the bank with a longer term relationship with its customers than through the sales of ordinary banking products like loans and deposits (Bergendahl 1995).

According to Japie van Niekerk, the CEO of Old Mutual Bank, the bancassurance model has made it easier to identify client needs. He believes that Bancassurance will grow, but that its growth will depend on the quality of advice offered (Mafu 2006).

Banks that were part of or affiliated to large insurers benefited from the scale and diversity of the products offered (Mafu 2006). As this study focuses on the distribution of life insurance products through Standard Bank it is important to note that Standard Bank of South Africa has an association with Liberty Life. Standard Bank has a 55% equity interest in Liberty Holdings, which in turn has a 55% stake in Liberty Life (Bester; Chamberlain; Hawthorne; Malherbe; Walker 2004).

It has been found that selling life insurance through multiple channels within the bank allows the bank to tap a wider customer base. The phrase 'multiple channels' refers to the different personnel in the bank, such as the customer consultant or the teller. However, it is the financial advisor who has become the main means by which banks sell life insurance (Leary et al, 2007).

## 2.4 Product mix

Sales figures from the advisors at Standard Bank suggest that the product mix sold by financial advisors in Standard Bank prefer investment products over risk products. This is a concern from the business revenue and legislative perspectives.

A product mix is also called a product assortment. It is the set of all products and items that a particular seller offers for sale. In his explanation of the meaning of the phrase 'product mix,' Kotler refers to the width, length and consistency of the product mix (Kotler 2003). The width of the product refers to the different product offerings. In the case of life insurance companies, product width would refer to risk and investment products. The length of a product mix (product line) refers to the number of items in the mix (Kotler 2003). In the life insurance industry, the length of the product mix refers to the range of risk and investment products that are on offer.

What is relevant in this study is the consistency of the product mix. The consistency of the product mix refers to how closely related the different product lines in the product mix are used by the end user (*client*), *production requirements, distribution channels or in some other manner* (Kotler 2003). In other words, if a product mix is offered to the client by the financial advisor, why does the client favour investment over risk.

Risk products for the purposes of this study will include all life policies and disability (including 'dread disease') policies. Investment products will include all unit trust policies, endowment policies and retirement annuity policies. These policies make up the list of products sold by Standard Bank financial advisors.

Life, disability, and endowment policies are governed legislatively by the Long Term Insurance Act 52 of 1998. The details of policies that fall under this Act are outlined in this chapter under the sub-heading 'legislation.'

#### 2.4.1 Life Policy

The life policy involves paying a premium in exchange for a commitment that, should the breadwinner die prematurely, the family would receive a sum of money to live on. The life offices take the risk by investing the premiums paid by clients in order to provide a return for their funds. Irrespective of whether the investments make a return or not, the insured receives the promised benefit (Botha, Bradley, Geach and Rossini 2004).

#### 2.4.2 Disability policy

The same principle applies to disability policies. Disability insurance, which is classified as long term policy, involves not only the transfer of the risk from the insured to the insurer, but also the management of the cost to provide the disability benefits. Disability benefits provide insurance cover for temporary or permanent incapacity resulting from injury or disease and are payable in a number of different ways. Disability benefits are available to policyholders as a capital sum or a monthly income benefit (Botha et al., 2004).

#### 2.4.3 Dread Disease policy

'Dread disease' insurance is a new form of disability cover and is currently available from most large insurers. It covers afflictions such as heart attacks, strokes and cancer. Benefits become payable when the insured is diagnosed with having any of the afflictions mentioned.

It is distinguishable from life and disability insurance in that life assurance becomes payable on the death of the insured and disability is linked to the insured's ability (or lack thereof) to engage in his occupation in order to earn an income (Botha et al., 2004).

#### 2.4.4 Unit Trust policy

Unit trust policies are governed by the Collective Investment Schemes Control Act (CISCA) 45 of 2002. The Act replaces the Unit Trust Control Act (UTCA), which regulated unit trusts from 1981 until 2003.

Trusts are a form of collective investment scheme and involve the pooling of money by a group of people to form a single pool for investing in various classes of assets (RMB 2007). The most common asset classes are cash, equities, property and bonds. Each unit trust scheme has three key entities that make up the fund:

- The fund
  - The fund is made up of cash contributions by the various investors. The pool of funds is invested in the various securities depending on the mandate set out in the trust deed
- The trustees
  - Unit trusts are governed by trust deed. The trustee is appointed to exercise fiduciary control over the funds
- The collective investment scheme manager
  - The manager (still referred to commonly as the management company) is responsible for all aspects of the management of the fund(RMB 2007)

There are different types of unit trust funds that are broadly categorized either into domestic funds (South African based investments) or offshore funds (investments made outside of South Africa). This study will focus on all types of unit trusts funds (domestic and offshore).

#### 2.4.5 Endowment policy

Endowment policies are very similar in concept to unit trusts but differ in terms of their legal framework and taxation treatment. They are investment vehicles created by life insurance companies with the intention of digressing from their traditional activities to compete for the investment market.

Investors pay a monthly premium (a sum of money) or put up an initial lump sum which is returned to the investor only when he redeems it. All of the profits of the endowment are reinvested rather than distributed periodically. Tax concessions are given by government on these policies. Even though endowment policies may be redeemed at any time, they need to be invested for a minimum of five years to become tax free in the hands of the investor.

One of the problems facing endowment policies is that they suffer the problem of being a hybrid vehicle as they are governed by legal and taxation structures meant for life insurance. As a result they are not as simply structured as unit trust investment vehicles (Botha et al., 2004). These are still popular investment vehicles sold by Standard Bank financial advisors.

#### 2.4.6 Retirement annuity policy

Retirement annuity investment vehicles are strictly governed by legislation to ensure that these funds are prudently invested. Section 28 of the Pension Funds Act provides guidelines for the management of the assets of the retirement fund (Botha et al., 2004).

When a person applies for a retirement annuity policy, the applicant actually applies for membership to a retirement annuity fund. As soon as the insurance company accepts the application for the policy, the applicant becomes a member of the fund. The policy belongs to the fund and not to the member. The fund therefore insures its responsibility to the member with the policy. The rules of



the fund ensure that the benefit which are offered by the fund are the same as the benefit offered by the policy (Botha et al., 2004).

Retirement policies are very attractive largely because of the attractive tax concessions afforded to the policyholder, as well as within the investment vehicle. Consequently, retirement annuity policies have a distinct advantage over ordinary policies.

## **2.5 Legislation**

There are numerous pieces of legislation that influence the life insurance industry. Some of these include the Financial Advisory and Intermediary Services Act (FAIS act) of 2002, the Long Term Insurance Act 52 of 1998, the Collective Investment Schemes Control Act 45 of 2002, the Financial Intelligence Centre Act 38 of 2001, and the Pensions Funds Act 24 of 1956 (Botha et al., 2004).

### **2.5.1 Financial Advisory and Intermediary Services Act (FAIS act) 37 of 2002**

It is the FAIS Act that has had by far the most profound effect on the way financial advisors interact with their clients.

The introduction of the Financial Advisory and Intermediary Services Act (FAIS act) of 2002 has had a huge effect on the way life insurance intermediaries and companies do business. This legislation may be likened to the Financial Services Act of 1986 (FSA) which was introduced in the United Kingdom. These regulations changed the way UK intermediaries conducted business (Diacon and Ennew 1996).

In South Africa, one of the professional bodies that guides its members is the Life Offices Association (LOA). Other professional bodies in South Africa are the Financial Planning Institute (FPI), the Independent Broker Council (IBC) and the Institute of Directors. All of these bodies have codes of

good conduct that were taken into consideration when the codes were drafted for the FAIS Act (Botha et al., 2004).

The LOA has a code of conduct that provides the benchmark for the way companies and their employees should conduct their business. Since the introduction of the Financial Advisory and Intermediary Services Act of 2002 (FAIS Act), many aspects of the code are now formally regulated.

The LOA is a voluntary association of insurance companies. Its main objectives are:

- To promote a better understanding of insurance with the general public
- To represent the industry and its policyholders in negotiations with the authorities
- To provide a self-regulating mechanism within the industry

Compliance is acting in accordance with the requirements of the legislation. The FAIS Act specifies that the following principles be taken into account:

- Clients should be in a position to make an informed decision and
- The financial needs of clients should be appropriately and suitably satisfied

In order to meet the above objectives, financial services providers and their representatives must:

- Act honestly and fairly, and with due skill, care and diligence, in the interests of clients and the integrity of the financial services industry
- Have and employ effectively the resources, procedures and appropriate technological systems for the proper performance of professional activities
- Seek from clients appropriate and available information regarding their financial situation, financial product experience and objectives in connection with the financial service required
- Act with circumspection and treat clients fairly in a situation of conflicting interests
- Comply with all applicable common-law requirements applicable to the conduct of business

(Botha et al., 2004).

Standard Bank provides financial services, and Liberty Life provides insurance products. . Their representatives are the financial advisors in the bank. In other words, the bancassurance distribution channel is made up of their representatives.

In order to meet the above requirements, all financial advisors need to conduct a comprehensive financial needs analysis of their clients. This will reveal the client's needs and will therefore result in the provision of comprehensive financial advice to the client. It is thus expected that the product mix of risk and investment policies sold would be more balanced and not favouring investment over risk. This in turn should be in line with the customers' needs.

According to Kotler (2003) business legislation has three main purposes:

- To protect companies from unfair competition
- To protect consumers from unfair business practices
- To protect the interests of society from unbridled business behaviour.

Marketers must have a good working knowledge of the legislation protecting companies, the consumer and society (Kotler 2003). The FAIS legislation attempts to protect the consumers from unfair business practice.

The FAIS Act now requires all financial advisors to conduct detailed analyses of their client's needs prior to selling a product (Diacon and Ennew 1996). Pure product pushing is no longer viable, particularly since the introduction of the FAIS Act (Moss,N 2007).

It takes an expert to sit down with a customer to determine the need for a policy, discuss the quality of care products, assess the buyer's expectations, and then make the proper recommendations. This process requires the advisor to listen intently to the needs and desires of the client (LeClair 2003). This implies that the financial advisor cannot assume that the needs of his clients are the same and

therefore offering the same product for each of them. Financial advisors cannot complete a sale without conducting a detailed financial analysis.

The findings of an independent study commissioned by the life insurance industry has shown that most South Africans are underinsured against death and disability. The lack of risk assurance means that most breadwinners will condemn their families to a life of poverty if the unexpected occurs. In the average income family, their living standards may be cut in half should the breadwinner die or become disabled. According to the Life Offices Association, South Africans are hugely underinsured when it comes to death and disability (Cameron 2008).

One of the dangers facing the advisors who continue to sell insurance in the 'traditional' way is that as more and more customers become technologically savvy and knowledgeable they will move away from the traditional agent-client relationship. More value-added services need to be provided. Advisors therefore need to focus on developing relationships that go beyond the last sale. Insurance is a product that is difficult for a client to visualize due to its intangible nature. Effective selling therefore requires the agent to develop client confidence as well as personal trust in the advisor (Joseph; Stone; Anderson 2003).

As the sale of life insurance through banks becomes a real growth opportunity, banks are increasingly recognizing life insurance as a critical financial product to deliver to the customer. Bank advisors who are doing financial planning should have no problem selling life insurance products (Thomas 2005). Proper financial planning would see a more balanced product offering to clients.

Industry analysts say that banks should not only offer insurance products but should give customers a reason to buy them (Gjertsen 2001). This is in line with the requirements of the FAIS Act, which legislates needs-based selling. There is an argument that needs based selling is an important part of financial planning and that it is the fiduciary duty of advisors to at least draw attention to the availability of risk products when they talk to clients (Stock 2007).

To this effect, a segmentation scheme that classifies buyers into three groups with each warranting a different type of selling was proposed (Kotler 2003):

- Price-oriented customers (transactional selling) – they want value at the lowest price
- Solution-oriented customer (consultative selling) – they want value through more benefits and advice
- Strategic value customers (enterprise selling) – they want value through the supplier's co-investing and participating in the customer's business.

In South Africa, the FAIS Act in principle ensures that the client is fully informed and that product suppliers and intermediaries are honest, competent and financially sound. The client needs to make an informed decision when rendered a financial service. (Bester et al, 2004). A consultative approach to selling is required. According to George Kinder (Cranston 2008), financial advisors must get back to basics and will be in a position to sell more policies if they can unveil their client's needs.

#### 2.5.2 The Long Term Insurance Act 52 of 1998

The Long Term Insurance Act 52 of 1998 makes provision for different classes of insurance business:

- Assistance policy
  - This kind of policy currently places a restriction on the value of the policy to no more than R10 000.
- Disability policy
  - This refers to a contract in terms of which benefits are received when a disability event occurs. A disability event affects the functional ability of the mind or body of a person.
- Fund policy
  - This contract provides benefits for fund members in policies such as retirement annuities, pension funds, provident funds, and medical schemes
- Health policy
  - A health policy relates to the health of the mind and body of a person

- Life policy
  - This is a contract where benefits are provided as a result of a life event. A life event means a contract that can provide a benefit from the time a person is born to the time a person's life has ended
- Sinking fund policy
  - This kind of policy provides a sum of money at a future date
- Linked policy
  - The amount of the policy benefits is determined solely by the value of particular assets that are held for the purposes of the policy
- Market related policy
  - The value of the policy is determined in part or solely by the value of particular assets

(Botha et al., 2004)

The Long Term Insurance Act subjects insurers to various controls aimed at protecting the interests of policyholders. A long term policy includes, inter alia, a life policy, a disability policy, and a health policy (Sharrock 2007).

*This study will look at the following products: life policies, unit trusts, fund policies, and health policies.* The rest of the classes of products will not be used as these are not commonly sold in the market and are not sold by Standard Bank financial advisors.

These classes of products will be grouped into pure risk products and pure investment products. Risk products will include all life policies, disability and 'dread disease' policies. These kind of policies will pay out to a client in the event of death, disability or a dread disease event occurring. There is generally no element of cash savings in these types of policies. Investment products include unit trust policies, endowment policies and retirement annuity policies. These policies have an element of cash savings.

### 2.5.3 Collective Investment Schemes Control Act 45 of 2002.

This Act controls collective investments schemes, or unit trusts, in South Africa. The Act replaces the Unit Trust Control Act (UTCA), which regulated unit trusts from 1981 to 2003.

Some of the key features of the Collective Investment Schemes Control Act (CISCA) as outlined by Still, (2003) include the following:

- The Act has been designed to allow the unit trust industry the flexibility to keep pace with international best practice and in line with consumer protection trends. Fundamental principles are entrenched in law and surrounded by conditions set by the regulator, the Registrar of Collective Investment Schemes.
- The Act brings all types of collective investment schemes under regulation and facilitates the introduction of new investment vehicles not previously on offer in South Africa.
- Independent trustee obligations are enhanced under the Act. Investors are protected in that they will be compensated for any losses or damages in relation to their assets due to any negligence of the trustee. Previously the investor only had common law for protection. The investor's right is now recognized and statutorily entrenched along with many other principles found in the old legislation. Trustees will also have to ensure that collective investment scheme portfolios are compliant with both the Act and the trust deed which governs the individual fund.
- Investors will benefit from enhanced financial protection in terms of how their investment portfolios are managed. They will also enjoy the entrenching of their rights in terms of information disclosure.

- The Registrar's conditions will determine the instruments that may be included in a portfolio, thereby protecting the unit-holder from risky underlying holdings, as well as the amount that may be held in any one counter, thereby avoiding overexposure to any one share or instrument.
- The Act provides for a new pricing model. Reporting will move to single pricing, which will make evaluating true fund performance easier and facilitate the way for direct comparison of charges of different products that offer unit trusts within their structures.
- Smaller investors will be protected from large withdrawals that could materially influence the fund.
- Although manager duties have remained fairly consistent, some new principles have been introduced. For example, specifically to avoid conflicts of interest, the interests of directors and management must be disclosed to the Registrar and they are required to maintain adequate financial resources to meet the company's commitments and to manage the risk to which the funds are exposed.
- Capital requirements of managers have also been refined in line with international standards. They include: providing enough liquid assets to ensure there are sufficient resources to continue the operation of a scheme for three months in the event of the winding up of a manager; providing initial seed capital of R1 million at a portfolio's inception; and holding an additional amount for any further position they may take in a fund so as to provide liquidity in adverse market conditions (Still 2003).

#### 2.5.4 Financial Intelligence Centre Act 38 of 2001

The Financial Intelligence Centre Act 38 of 2001 (FICA) was promulgated to control money laundering affairs. It makes provisions for the verification of identity procedures, record keeping and the establishment of appropriate internal audits by accountable institutions (Kopel 2005).



Accountable institutions include attorneys, banks, estate agents, insurance brokers or agents of insurers in both long-term and short-term insurance, and accountants (Botha et al., 2004).

According to Botha et al., (2004), the purpose of the Act is to:

- Establish a Financial Intelligence Centre and a Money-Laundering Advisory Council
- Combat money-laundering activities
- Impose certain duties on institutions and other persons that may be used for money-laundering purposes.

The regulations provide for the establishment of verification of the identity of the following natural and legal persons:

- Natural persons
- South African citizens and residents
- Foreign nationals
- Legal persons
- Close corporations
- South African companies
- Foreign companies
- Other legal persons
- Partnerships
- Trusts

(Botha et al., 2004)

### 2.5.5 Pension Funds Act 24 of 1956

This act deals with the registration, incorporation, regulation and dissolution of pension funds (Kopel 2005).

When registered, the pension fund becomes a legal entity and can sue or be sued in its own name. The fund must be made up of a board of trustees which needs to ensure that the interests of the members of the fund are protected at all times (Kopel 2005).

Retirement annuities, which are one of the products considered in this study, are defined as funds approved by the Commissioner of the South African Revenue Services (SARS) and registered in terms of the Pension Funds Act. The rules of the fund must be approved by the Commissioner for SARS in addition to being acceptable to and registered by the Registrar of Pension Funds (Botha et al., 2004).

When a person applies for a retirement annuity policy, the following happens:

- The person applies for membership of the particular retirement annuity fund
- The person simultaneously applies on behalf of the fund to the insurance company for a policy on his or her life.
- Once the life insurance company accepts the application for the policy, the life insured becomes a member of the fund.
- The fund insures its responsibility to the member
- The rules of the fund therefore provide that the benefits which the fund offers are exactly the same as the benefits offered by the policy.

(Botha et al., 2004).

and Layton 2000). According to George Norcross, president and CEO of Commerce National Insurance Services, most banks fail to market insurance effectively (Gjertsen 2001).

The marketing mix (Kotler 2003), defines the key features of the 4 P's of marketing, Product, Price, Promotion and Place. In reviewing these key features in line with the product, the following salient factors emerge:

(a) Product

In considering a product one takes into account the quality, benefits and features of the product, the brand name and the packaging, for instance. A product can be defined as 'anything that satisfies a want or need through use, consumption, or acquisition. Thus, products include objects (TVs, radios, cars), services (medical, educational), places (New York, Moscow), people (Tony Blair and other politicians everywhere), activities (entering a contest or visiting a weight-loss clinic), and ideas.' (Mullins, Walker, Boyd, Larreche, 2005).

Currently, the bank financial advisor has a high-quality risk and investment product which is well branded and supported with high levels of service.

(b) Price

The insurance products sold by financial advisors at the bank are competitively priced in relation to the products of the competitors.

### (c) Promotion

The third “P” in the marketing mix is promotion. Promotion is defined as telling the target market about the product. The product providers ensure that regular advertisements are placed in the electronic and print media. In addition, sufficient marketing material is distributed to the bancassurance distribution channel.

### (d) Place

It is the mechanism through which goods and/or services are moved from the manufacturer/ service provider are finally distributed to the consumer (Kotler 2003). This could be done through a distribution channel or intermediary. The distribution channel in this study refers to the Standard Bank financial advisor.

## **2.7 Challenges facing risk insurance sales**

Despite the advantages of bancassurance sales, there are many shortcomings in the way in which they have been set up, and many reasons have been supplied to explain these shortcomings. Banks have been much more successful with selling investment products than risk products. There are several factors that may explain why this is so:

- Banks have been selling investments longer than life insurance
- There is the ongoing struggle to make insurance sales part of the day-to-day activities of the bank sales staff
- Investment products tend to fit better the way bank sales staff do business
- Bank customers are much more focused on investing for their retirement than on paying attention to their protection in the event of death. WE ARE MORTAL WHILE STILL ALIVE.
- Financial consultants who are able to sell both investment and life insurance products tend to gravitate towards a product line that customers are more interested in.

(Leary et al, 2007)

Chester et al, (2007) supplies the following reasons for the poor sales of risk insurance products:

- A negative attitude toward selling insurance by some of the bank staff from whom commitment is essential
- A lack of sales culture within the bank
- Poorly designed sales incentive programs
- A failure to integrate insurance plans into the bank's overall marketing program
- the failure to effectively use the bank's database of client information

According to Chester et al, (2007) Banks have a comprehensive database of its clients and it is suggested that the effective mining of leads from this database is not taking place.

Throughout the world, the greatest challenges facing insurers is maintaining the bank's commitment to the training of staff to sell insurance products (Chester et al, 2007). Banks are traditionally inclined to be service and transaction orientated. Insurers are traditionally sales orientated. It could be for this reason that insurance products are not offered to clients in the way they should be (Chester et al, 2007).

In the USA, the lack of customer awareness that insurance is sold at the bank is a major challenge. Over half of the consumers there are not aware that banks sell life insurance (Chester et al, 2007). Gjertsen (2001) agrees by writing that a lack of public awareness of bank assurance sales may be a reason for the lack of purchasing insurance products.

In South Africa, close to 43% of bankers and 53% of insurers believe that customers are generally not aware that insurance is sold through the bank (RGA and CF Effron Company LLC 2007). Even though banks add insurance products to their product offerings, only about one third to one half of customers are aware of the products' availability (Gjertsen 2001).

Clients who are aware that banks sell life insurance have become more likely to consider a bank if they need it. Many customers doubt that the bank is the right place to buy life insurance. Their concerns are whether or not the bank has sufficient expertise to market life insurance products (Thomas 2005). People who need more life insurance are more likely to go to their bank branches for advice as they are more familiar with their bank branch than with anyone else (Reich-Hale 2002). Banks need to recognize this in their sales planning.

The area that banks are finding difficult to cope with is the interface between the insurance business and the culture and operations of the bank business. It has been found to be difficult to equip and motivate bank staff to make referrals and bring in insurance business (Gjertsen 2001). According to Kehrer and Riebel (2003), some of the factors that have led to reduced life insurance sales are:

- The ease of selling investments rather than life insurance
- Long delays in policy issue
- Delays and uncertainties in receiving commission payments

Both bankers and insurers have agreed that the ease of the sales process is the most important element in product design (RGA et al, 2007). Historically, financial advisors have resisted selling risk insurance products due to their complexity and the length of time taken to complete the sales process (Leary et al, 2007).

Failure to create the right relationship between the bank and the insurer is a potential problem for bancassurance. Many experts believe that the more integration there is between bank and insurer, the more successful the bancassurance model will be. The agreement between the bank and the insurer must take into account the types of product sold, the market conditions, and the level of commitment from the bank (Chester et al, 2007). Both bankers and insurers agreed that senior management involvement is a very important factor in selling insurance (RGA et al 2007).

## 2.8 Corrective measures

There is evidence of a number of ways that management can look at overcoming some of the challenges facing the distribution of insurance products in the bank. In South Africa, retaining clients by developing relationships with them is crucial to establishing and maintaining a competitive edge in the market. To achieve customer satisfaction, a superior level of service and customer orientation is required. The relationship between the client and the bank is influenced by the quality of service the client receives. (Abratt, R and Russell, J).

In addition, greater integration between the insurer and the bank is needed. For example, in France and Spain, most insurance is sold through bancassurance. There is close integration between banks and the insurers (Chester et al, 2007).

Integrating departments and roles in the organization to increase communication and coordination among the functions of the various divisions is necessary to make the organization work effectively and efficiently (Jones, George and Hill 2000). Total integration may have negative consequences for the organization but a degree of integration is necessary.

Bancassurance models with greater integration tend to be more successful in distributing life insurance products. Examples of greater integration are strategic alliances and joint ventures. Standard Bank financial advisors have a strategic alliance with Liberty Life. This is successful because:

- There is equal commitment between both partners (the bank and the insurer)
- There is commitment from the executive boards to drive the process and influence behaviours that will lead to effective bancassurance
- There is a willingness to invest in systems and people to support and improve the services and products
- There are lower costs

Standard Bank financial advisors would experience better relationship management and less conflict (Chester et al, 2007).

The sale of bancassurance products is very different from the sale of other products, because bancassurance products are sold, not bought. Banking staff need to be trained adequately to be comfortable when offering insurance products to clients alongside traditional bank products. Clients rarely approach bank staff to purchase insurance. Training should be ongoing and not just happen when new products are introduced. Training should focus not only on the products being sold but also on the process of selling these products. (Chester et al, 2007)

Banks need to start thinking of insurance products as their own product and not something they are distributing for an insurance company. (Chester et al, 2007 ).

Thomas (2005) suggests that in order to increase sales, banks and insurers need to work together to:

- Develop co-branded products and services. It has been found that clients will be more receptive to buying life insurance products if they know a life insurance company has manufactured it. Therefore, it would help if banks publicize their insurance partners.
- Simplify the bank sale. Banks and insurance companies need to look at making the sale of life insurance more transactional. Sales need to be simplified to make them quicker.
- 'Sell' the agent. Consumers are wary about the bank's expertise. The bank therefore needs to market the advisor.
- Automate the process. The length of time it takes to get a policy approved is another barrier to sales. Bank clients are used to buying investment products like unit trusts and annuities which require no waiting. Life insurance products follow a longer process which bank clients are not used to.

The partnership between the insurer and the bank can be successful if the partnership is aligned to the bank's and the insurers capabilities and strategies. These include fundamental issues such as the desired customer's experience, the advisor's sales approach, and the expected financial returns. The partnership also needs to be closely managed from the highest levels. It is therefore imperative that the senior management from the insurance company and the bank liaise closely, that mutual targets are set, and that expectations are managed from the start (Norman 2006).



According to Carmen Effron, president of C.F. Effron Company, a bank and insurance consulting firm, banks that give insurance products a high profile can attract customers who do not regularly visit the bank (Gjertsen 2001).

According to Bender (2003) it is suggested that it is difficult to get bankers to refer their customers to the financial advisor to purchase life insurance. This can be overcome by integrating the bank and the insurance sales channels. Bender (2003) proposes the establishment of an incentive plan such as referral fees when a customer is introduced to the advisor, that the bank recruit the best insurance sales talent to ensure that insurance becomes a core product of the bank, that the sales team be segmented to focus on different levels of advice for different customers, and finally that guidance in legal compliance be provided by competent professionals.. The sales strategy must run parallel with the culture and reputation of the institution (Bender 2003).

Life insurance needs to be a highly visible product of the bank and success in selling it should be taken into account in estimating the performance of bank staff. Continuous training on how to sell needs to be provided for the staff. (Thomas 2005). In a study in South Africa, insurers felt that their ability to provide training to bank sales staff was extremely important (RGA et al, 2007).

One of the reasons given for a large insurer in the USA having great success with life insurance sales in a bank was its strategy to educate the bank's advisors to add life insurance to their usual repertoire of products, such as annuities and unit trusts (Gjertsen 2004).

The study by RGA and CF Effron Company LLC (2007) of bancassurance at South African banks suggests issues that banks and insurers must address to achieve success in the bancassurance market.

Some of the findings relative to marketing were:

- Banks found that the ability to provide simplified underwriting for products up to R300 000 in sum assured was the most important aspect of marketing
- Point-of-sale underwriting and the ability to link insurance product recommendations to a clients' needs ranked second in importance
- There is a need to integrate the insurance database into the bank's customer information file to facilitate sales and avoid redundant entry of data.
- Referrals from the bank, client relationship managers and private bankers were the most effective way to generate qualified leads.
- Access to the bank's client base is rated as being very significant.
- Senior management are influential in selling insurance to customers

The study also found that:

- Banks view one-stop shopping as the premier reason to distribute insurance
- Banks found it significant to use insurance to strengthen and retain customers
- Most banks that share common ownership with the insurer felt that their customers were at least vaguely aware that insurance was sold in the bank, whereas less than half the insurers felt that.
- Banks perceive distributing insurance as a must, not a 'nice to have.'
- Both bankers and insurers believe that the ease of the sales process is the most important element in product design.

The above discussions provide a valuable backdrop for management to implement the necessary strategic interventions to ensure the bank provides a more holistic offering to the client.

Financial advisors who provide proper financial planning services to their clients ensure that there are barriers of entry from competition. If proper financial planning is done, a more comprehensive product offering is provided to their clients. This protects the client from competitors providing similar offerings to the client.

## **2.9 Conclusion**

Bancassurance has benefits for the insurance companies, banks, and customers alike. Insurers are able to penetrate the banks' database and take advantage of their huge market. Banks increase their revenue stream and customer offerings by providing additional financial services to their clients. Customers benefit by having the convenience of obtaining comprehensive financial services at a one-stop shop. (Chester et al, 2007).

## CHAPTER 3

### RESEARCH METHODOLOGY

#### 3.1 Introduction

This chapter outlines the method used for the data collection and analysis required to fulfil the research objectives for this study among financial advisors within Standard Bank Financial Consultancy (SBFC). Included in this chapter are details on the sampling process, the way the study was administered, the measuring instrument and the analytical tools used. The chapter ends by describing the problems and positive experiences that the researcher encountered.

This study was a quantitative study that canvassed the support of Standard Bank financial advisors, their sales managers and broker consultants.

The sales managers of the advisors were included in this study as it was thought that their perspective on the research topic might prove to be useful.

Broker consultants were included in this study because they are closely associated with SBFC. The broker consultants are employed by Liberty Life, which is the main supplier of the financial products sold by Standard Bank financial advisors. The role of the broker consultant is to give expert advice about Liberty Life's products to the financial advisor, who in turn sells the product to the end user.

Sixty-two questionnaires were distributed to financial advisors, six to sales managers, and eleven to Liberty Life broker consultants.

### 3.2 Research Method

The study is quantitative and exploratory in nature. A study that does not have a predictive hypothesis might be termed 'exploratory' (Rudestam and Newton: 2001). This study is exploratory as there is a lack of available information on this topic. As it is exploratory in nature, both qualitative and quantitative studies may be used (Mouton 2001). This genre of research simply allows the researcher to gain a greater understanding of something about which not enough is known. This study focuses on the bancassurance distribution channel where a better understanding may be offered as to why investment products are favoured over life products.

In this case the following themes or constructs will be explored: compliance; training and product knowledge; integration with the bank; and business processes. The researcher considered conducting either a qualitative or quantitative study. Qualitative research deals with questioning and understanding the complex nature of phenomena from the perspective of the participant (Leedy and Ormrod: 2005). Using this type of research involves the following processes: formulation of one or more hypotheses, a literature review, and the collection and analysis of data.

Financial advisors are driven people, and qualitative research would take up a great deal of their time and would therefore prove to be unsuitable. Survey research, on the other hand, can be conducted with the same research population without placing too onerous a burden on the respondents.

Quantitative research looks for explanations and predictions that can be generalized and applied to other situations. It attempts to answer questions about the relationships between quantifiable variables. Deductive reasoning is used. Quantitative research uses concepts, variables, hypotheses, literature review and the collection and analysis of data. Researchers study the relationship between variables objectively and remain detached from the research participants (Leedy and Ormrod: 2005).

Quantitative research deals with numbers. It involves measurement and attaching numbers to a market - for instance market size, market share, penetration, installed base and market growth rates. Quantitative research can also be used to measure attitudes, satisfaction, commitment and a range of other useful market data and market measurements that can be tracked over time and used as part of a wider business planning and business strategy process (Internet 4).

Data is analyzed statistically – a large number of scores are interpreted using norms or averages. Quantitative research was used in this study as it appears to be the most suitable method to research this topic.

### **3.3 Sample**

The research instrument consisted of questionnaires which were completed by Standard Bank financial advisors. The completion of the questionnaire was supervised by the sales managers with each of the respondents within their team. The provincial head for Standard Bank Financial Consultancy conducted the survey with his management and the researcher completed the questionnaire with each of the broker consultants. It was decided that managers should conduct the

survey in their team personally in order to ensure that the questions were answered reliably and honestly. Each sales manager visited the advisors in his team and conducted the survey questionnaire with each of them. Each advisor had about fifteen minutes to complete the questionnaire. The managers then collated all questionnaires and handed them to the researcher for analysis.

The study targeted all Standard Bank advisors in the greater Durban area. This covered an area extending from Durban as far as Pietermaritzburg to the West, Kwa-Dukuza to the North, and Scottburgh to the South. The study included the sales management team for KwaZulu Natal and the broker consultants for Liberty Life. Refer to Table 3.1.

| <b>Level in the Organisation</b>        | <b>Number of respondents</b> |
|---|------------------------------|
| <b>Management</b>                       | <b>6</b>                     |
| <b>Standard Bank Financial Advisors</b> | <b>62</b>                    |
| <b>Broker Consultants</b>               | <b>11</b>                    |

**Table 3.1      Sample Size**

The respondents represent a sample of the national Standard Bank Financial Consultancy distribution channel.

### **3.4 Administration of the Questionnaire**

The questionnaire was administered during working hours. Members of the management and the researcher administered the questionnaire. All respondents were informed that the study was specific to Standard Bank financial advisors and that the findings were designed to help identify ways to grow the distribution channel.

All respondents were made aware that the research was for a dissertation in a Master's degree in Business Administration, that their participation was voluntary. They were informed that they were free to withdraw from the study if they so desired. They were given the assurance that their names and details would remain confidential and that they would not be named in the study. Respondents were informed that the completed questionnaire would be securely stored and that they would eventually be destroyed as per university policy. This study was privately funded. There was no pressure from the industry to manipulate or adjust the findings of this research.

### **3.5 Measuring Instrument**

Groenewald (1986) identifies three characteristics of questionnaires. Information is collected from different cases, a finite number of cases is registered, and questionnaires are executed in a circumscribed area at a given time. This approach was chosen for this survey as information was collected from different respondents, a specific number was sampled, and the process was conducted in a specified geographic area.



The questionnaire was designed by the researcher and seemed most appropriate to evaluate the four main constructs:

A. Compliance;

B. Training and product knowledge;

C. Integration with the bank;

D. Business processes.

A construct, as outlined by Struwig and Stead (2001), is an abstract variable that is not observed directly: for example, intelligence, leadership and motivation. These variables cannot be seen but it may be inferred from people's behaviour. Mouton (2001) refers to the research process as being organised around a theme or construct. The four constructs listed above are based on the trends in similar studies evaluated in the literature survey in chapter two.

A five point Likert scale was used for constructs A and D which ranged from STRONGLY AGREE to STRONGLY DISAGREE.

A three point Likert scale was used for constructs B and C incorporating YES, NO and UNDECIDED.

### **3.6 Analytical Tools**

The Likert type scale used in the questionnaire produced ordinal data. The data was analysed with the help of the Social Sciences Statistical Package (SPSS) computer program.

### 3.7 Validity

According to McBurney and White (2007), validity corresponds to the actual state of the world. Thomas Cook, Donald Campbell, and Laura Peracchio (McBurney and White: 2007) list four types of validity that must be considered in designing and evaluating a piece of research: internal validity, construct validity, external validity and statistical validity. Internal validity refers to the evidence produced that determines the cause and effect relationship between the independent and dependent variable. Construct validity refers to the extent to which the results support the theory behind the research. External validity is how well the findings of research can be generalised to other situations and populations. Finally, statistical validity is the extent to which the data are shown to be the result of the cause and effect relationships rather than accident.

This study will concern itself with external validity and statistical validity. The research is focused on a sample population in the greater Durban area and its findings will be generalised among all Standard Bank financial advisors nationally.

According to McBurney and White (2007), threats to the external validity of research can threaten its conclusions. Human participants should be chosen on their representativeness relative to some larger population.

This threat has been resolved in this study by ensuring that the sample population are all Standard Bank financial advisors, Standard Bank sales managers and Liberty Life broker consultants. All Standard Bank financial advisors work according to standards set by the bank. The levels of service of an advisor from a Durban office should be no different to that of an advisor from a Cape Town office. Standard Bank sales managers also have to follow a standard that is set by the bank nationally. Liberty Life broker consultants work according to a standard which are set by Liberty Life. The representativeness of the sample therefore can be applied nationally.

### **3.8 Reliability**

To test consistency and reliability, Cronbach's alpha was used. Cronbach's alpha calculates the average of all possible reliability co-efficients (Bryman and Cramer: 77). The purpose of Cronbach's alpha is to provide a measure which indicates how the items correlate with one another . A reliability analysis can be applied only to the Likert scale questions.

### **3.9 Analysis of Variance**

The purpose of Anova is to compare whether mean scores differ between three or more groups of respondents.

There are two types of Anova:

- The non-parametric Anova is used when the group sizes are small (less than 30) or the data are not normally distributed.

- The parametric Anova is used where the group sizes are large (at least 30) and the data are normally distributed. This Anova is more robust.

### **3.10 Mean analysis**

The mean is the average. The standard deviation indicates the amount of deviation from the mean.

### **3.11 The Kruskal-Wallis Test**

Kruskal-Wallis can be used to compare the results from more than two groups (Bryman and Cramer: 169). This survey was conducted on three groups of respondents: advisors, broker consultants and managers.

### **3.12 Problems Experienced**

The intention was to interview a greater number of people in Kwa-Zulu Natal. As the advisors are spread widely in very small bank branches throughout the province, attempts to meet with them proved to be impractical.

The ongoing changes that the industry is facing and the work pressures of some agents and brokers resulted in some advisors withdrawing from completing the questionnaire.

In some instances a convenient alternative date and time could not be found to conduct the survey that was initially set up. There was a small percentage of people who had agreed to completing the

questionnaire but could not keep the appointment owing to unforeseen circumstances, and who therefore cancelled.

The period of tenure of the advisors in their present posts varied greatly. Some had no more than a month's experience, while others had about twenty years experience.

### **3.13 Conclusion**

This chapter has described the research methods employed. The approach that was adopted was suitable for a quantitative study of this nature. The chapter that follows will present the findings arising from the research process.

## CHAPTER 4

### RESULTS

#### 4.1 Introduction

This chapter focuses on the findings from the research questionnaire. There were sixty-six questions of which eight were related to the background of the respondent. The questionnaire (Appendix 1) was divided into four broad categories: compliance (eighteen questions), training and product knowledge (thirteen questions), integration with the bank (twelve questions), and business processes (fifteen questions).

A brief overview of the statistical tests applied to the study is given. These include the Cronbach's alpha which tests reliability, the Kruskal-Wallis test, mean analysis and analysis of variance (Anova). The objectives of the study stated in Chapter One explore the product mix of bancassurance by assessing the following areas: compliance, training and product knowledge, integration with the bank, business processes. Key questions from each category related to the objectives stated in Chapter One are presented in this chapter. These key questions will be analysed in Chapter Five.

Since the sample sizes for managers and broker consultants were small, both an Analysis of Variance and the Kruskal-Wallis test were computed to test for differences between the three groups. Both tests reveal the same results.

## 4.2 Reliability

The reliability measure tests the consistency of the data (Bryman and Cramer: 76). High correlations (ie. values of 0.8 and above) show that the items relate to each other and are appropriate in measuring the same concept. Hence, Cronbach's alpha is useful in showing that the items are reliable in measuring the concept. Reliability analysis can be applied only to the Likert scale questions. Values with an alpha of 0.7 and above indicate a high degree of correlation and hence reliability.

Table 4.1 below shows Cronbach's alpha as 0.835, indicating a high degree of internal consistency amongst the items.

| Cronbach's Alpha | N of Items |
|------------------|------------|
| .835             | 33         |

**Table 4.1 Reliability statistics**

Table 4.2 below details the reliability statistics per question.

|     | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|-----|----------------------------|--------------------------------|----------------------------------|----------------------------------|
| A1  | 63.00                      | 117.247                        | .425                             | .830                             |
| A2  | 62.68                      | 117.026                        | .330                             | .831                             |
| A3  | 62.95                      | 115.893                        | .537                             | .828                             |
| A4  | 63.00                      | 115.688                        | .542                             | .827                             |
| A5  | 62.76                      | 111.901                        | .503                             | .825                             |
| A6  | 62.95                      | 113.867                        | .690                             | .824                             |
| A7  | 62.64                      | 114.129                        | .417                             | .828                             |
| A8  | 63.00                      | 114.909                        | .645                             | .826                             |
| A9  | 62.68                      | 113.805                        | .564                             | .825                             |
| A10 | 63.06                      | 116.321                        | .483                             | .829                             |
| A11 | 62.90                      | 115.911                        | .556                             | .828                             |
| A12 | 62.63                      | 115.899                        | .360                             | .830                             |
| A13 | 62.38                      | 113.772                        | .392                             | .829                             |
| A14 | 62.42                      | 113.936                        | .413                             | .828                             |
| A15 | 62.76                      | 113.563                        | .550                             | .825                             |
| A16 | 62.53                      | 114.356                        | .450                             | .828                             |
| A17 | 62.58                      | 111.026                        | .632                             | .822                             |
| A18 | 62.65                      | 114.515                        | .412                             | .828                             |
| D1  | 61.77                      | 118.284                        | .095                             | .842                             |
| D2  | 61.85                      | 118.521                        | .094                             | .841                             |
| D3  | 62.10                      | 114.353                        | .314                             | .832                             |
| D4  | 62.10                      | 116.249                        | .233                             | .834                             |
| D5  | 61.10                      | 119.106                        | .070                             | .842                             |
| D6  | 61.74                      | 116.141                        | .229                             | .835                             |
| D7  | 62.54                      | 114.148                        | .472                             | .827                             |
| D8  | 62.59                      | 115.076                        | .560                             | .827                             |
| D9  | 61.56                      | 117.184                        | .115                             | .843                             |
| D10 | 61.74                      | 115.102                        | .241                             | .835                             |
| D11 | 61.37                      | 124.782                        | -.158                            | .849                             |
| D12 | 62.27                      | 114.095                        | .443                             | .828                             |
| D13 | 62.41                      | 113.102                        | .536                             | .825                             |
| D14 | 62.27                      | 113.602                        | .462                             | .827                             |
| D15 | 62.09                      | 116.420                        | .247                             | .834                             |

Table 4.2 Item-Total Statistics



### **4.3 Crosstab**

Crosstab refers to frequency distribution tables across the three groups of respondents. Column percentages were computed to make comparisons across groups easier to interpret, since the group totals are different. The complete frequency distribution tables can be seen in Appendix 2.

### **4.4 Correlations**

Correlations were looked at between the three different sets of respondents (advisors, broker consultants, and management). In addition to the four broad areas that were tested (compliance, training and product knowledge, integrating with the bank, and business processes), a fifth dimension, tenure, was added.

The overall scores for the dimensions were correlated with one another. Correlations that are significant at the 95% level are those where the p value is less than or equal to 0.05. The correlation coefficient (r value) indicates the strength of the relationship. Values of r above 0.7 indicate a strong relationship ie the two related dimensions strongly influence each other. The values of r can be positive or negative. Positive values indicate that if one of the related dimensions has a high score, the related dimension also has a high score and vice versa. Negative values indicate that if one of the related dimensions has a low score, the related dimension has a high score and vice versa.

4.4.1 The following table looks at correlations from the perspective of the advisor.

**Correlations<sup>a</sup>**

|                |                                |                         | A Compliance | B Training & Product knowledge | C Integrating with the bank | D Business Process | Q6 Tenure |
|----------------|--------------------------------|-------------------------|--------------|--------------------------------|-----------------------------|--------------------|-----------|
| Spearman's rho | A Compliance                   | Correlation Coefficient | 1.000        | .044                           | .146                        | .357**             | .118      |
|                |                                | p                       | .            | .737                           | .256                        | .004               | .375      |
|                |                                | N                       | 62           | 62                             | 62                          | 62                 | 59        |
|                | B Training & Product knowledge | Correlation Coefficient | .044         | 1.000                          | .132                        | -.163              | .148      |
|                |                                | p                       | .737         | .                              | .307                        | .205               | .263      |
|                |                                | N                       | 62           | 62                             | 62                          | 62                 | 59        |
|                | C Integrating with the bank    | Correlation Coefficient | .146         | .132                           | 1.000                       | .091               | -.191     |
|                |                                | p                       | .256         | .307                           | .                           | .480               | .148      |
|                |                                | N                       | 62           | 62                             | 62                          | 62                 | 59        |
|                | D Business Process             | Correlation Coefficient | .357**       | -.163                          | .091                        | 1.000              | .014      |
|                |                                | p                       | .004         | .205                           | .480                        | .                  | .916      |
|                |                                | N                       | 62           | 62                             | 62                          | 62                 | 59        |
|                | Q6 Tenure                      | Correlation Coefficient | .118         | .148                           | -.191                       | .014               | 1.000     |
|                |                                | p                       | .375         | .263                           | .148                        | .916               | .         |
|                |                                | N                       | 59           | 59                             | 59                          | 59                 | 59        |

\*\* Correlation is significant at the 0.01 level (2-tailed).

a. Group = Advisors

**Table 4.3 Advisors correlation**

For the advisors, only compliance is significantly correlated with business process and vice versa. In an FAIS environment it is a requirement that all business processes follow a compliant process.

4.4.2 The following table looks at correlations from the perspective of the broker consultant.

Correlations<sup>a</sup>

|                |                                |                         | A Compliance | B Training & Product knowledge | C Integrating with the bank | D Business Process | Q6 Tenure |
|----------------|--------------------------------|-------------------------|--------------|--------------------------------|-----------------------------|--------------------|-----------|
| Spearman's rho | A Compliance                   | Correlation Coefficient | 1.000        | .056                           | .373                        | .705*              | .800      |
|                |                                | p                       | .            | .870                           | .259                        | .015               | .200      |
|                |                                | N                       | 11           | 11                             | 11                          | 11                 | 4         |
|                | B Training & Product knowledge | Correlation Coefficient | .056         | 1.000                          | .071                        | .099               | .949      |
|                |                                | p                       | .870         | .                              | .836                        | .773               | .051      |
|                |                                | N                       | 11           | 11                             | 11                          | 11                 | 4         |
|                | C Integrating with the bank    | Correlation Coefficient | .373         | .071                           | 1.000                       | .653*              | .200      |
|                |                                | p                       | .259         | .836                           | .                           | .029               | .800      |
|                |                                | N                       | 11           | 11                             | 11                          | 11                 | 4         |
|                | D Business Process             | Correlation Coefficient | .705*        | .099                           | .653*                       | 1.000              | .400      |
|                |                                | p                       | .015         | .773                           | .029                        | .                  | .600      |
|                |                                | N                       | 11           | 11                             | 11                          | 11                 | 4         |
| Q6 Tenure      | Correlation Coefficient        | .800                    | .949         | .200                           | .400                        | 1.000              |           |
|                | p                              | .200                    | .051         | .800                           | .600                        | .                  |           |
|                | N                              | 4                       | 4            | 4                              | 4                           | 4                  |           |

\*. Correlation is significant at the 0.05 level (2-tailed).

a. Group = Broker Consultants

Table 4.4 Broker Consultant correlation

For the broker consultants, compliance is significantly correlated with business process and vice versa. The correlation is stronger than that for advisors. There is also a strong, significant correlation between Integrating with the bank and business process.

4.4.3 The following table looks at correlations from the perspective of management.

Correlations<sup>a</sup>

|                |                                |                         | A Compliance | B Training & Product knowledge | C Integrating with the bank | D Business Process | Q6 Tenure |
|----------------|--------------------------------|-------------------------|--------------|--------------------------------|-----------------------------|--------------------|-----------|
| Spearman's rho | A Compliance                   | Correlation Coefficient | 1.000        | .058                           | -.059                       | .279               | -.300     |
|                |                                | p                       | .            | .913                           | .912                        | .592               | .624      |
|                |                                | N                       | 6            | 6                              | 6                           | 6                  | 5         |
|                | B Training & Product knowledge | Correlation Coefficient | .058         | 1.000                          | .841*                       | .203               | -.800     |
|                |                                | p                       | .913         | .                              | .036                        | .700               | .104      |
|                |                                | N                       | 6            | 6                              | 6                           | 6                  | 5         |
|                | C Integrating with the bank    | Correlation Coefficient | -.059        | .841*                          | 1.000                       | .368               | -.975**   |
|                |                                | p                       | .912         | .036                           | .                           | .473               | .005      |
|                |                                | N                       | 6            | 6                              | 6                           | 6                  | 5         |
|                | D Business Process             | Correlation Coefficient | .279         | .203                           | .368                        | 1.000              | -.975**   |
|                |                                | p                       | .592         | .700                           | .473                        | .                  | .005      |
|                |                                | N                       | 6            | 6                              | 6                           | 6                  | 5         |
|                | Q6 Tenure                      | Correlation Coefficient | -.300        | -.800                          | -.975**                     | -.975**            | 1.000     |
|                |                                | p                       | .624         | .104                           | .005                        | .005               | .         |
|                |                                | N                       | 5            | 5                              | 5                           | 5                  | 5         |

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\* Correlation is significant at the 0.01 level (2-tailed).

a. Group = Managers

Table 4.5 Management correlation

For the managers there is a strong, significant relationship between training and product knowledge with Integrating with the bank.

There is a strong indirect correlation between tenure and business process. Those with longer tenure tended to 'agree' to questions relating to the business process.

#### 4.5 Analysis of variance (Anova)

Table 4.6, labelled 'Descriptives,' provides the mean scores for the dimensions. Values are between 1 and 2 for compliance, training and product knowledge and integrating with the bank. Most respondents agreed or strongly agreed to the items relating to each of the dimensions. This can be understood to mean that respondents were generally positive about these dimensions. Anova determines whether there is a difference among the three groups. The advisors are more positive about compliance since they have the lowest score while the broker consultants are the least positive group.

For business process, the mean scores show that most respondents would have selected Agree/Neutral. Respondents are less positive about the business process than about the other dimensions. Again, the broker consultants are least positive since they have the highest score. The scores for advisors and managers show that these two groups are more positive about the business process than the broker consultants.

The Anova table provides the results of the Anova calculation. Only the F and p values need to be reported. P values that are less than or equal to 0.05 indicate that the scores for the dimension are statistically different among the three groups at the 95% level.

The results in Table 4.7, labelled 'ANOVA,' shows that there is a significant difference in the attitudes towards compliance, integrating with the bank and business process between the advisors, the broker consultants and the managers at the 95% level ( $p < 0.05$ ).

The means displayed in the table below, labelled 'Descriptives,' shows that the score for compliance is highest for the broker consultants and lowest for the advisors. The scores for integrating with the bank and business process are lowest for the advisors and highest for the broker consultants.

|                                |                    | N  | Mean  | Std. Deviation | Minimum | Maximum |
|--------------------------------|--------------------|----|-------|----------------|---------|---------|
| A Compliance                   | Advisors           | 62 | 1.529 | .3546          | 1.0     | 2.6     |
|                                | Broker Consultants | 11 | 1.889 | .5229          | 1.1     | 2.8     |
|                                | Managers           | 6  | 1.733 | .4505          | 1.1     | 2.5     |
|                                | Total              | 79 | 1.594 | .4044          | 1.0     | 2.8     |
| B Training & Product knowledge | Advisors           | 62 | 1.479 | .2559          | 1.1     | 2.4     |
|                                | Broker Consultants | 11 | 1.338 | .1175          | 1.2     | 1.5     |
|                                | Managers           | 6  | 1.417 | .2052          | 1.1     | 1.6     |
|                                | Total              | 79 | 1.455 | .2413          | 1.1     | 2.4     |
| C Integrating with the bank    | Advisors           | 62 | 1.339 | .3168          | 1.0     | 2.3     |
|                                | Broker Consultants | 11 | 1.864 | .3931          | 1.2     | 2.3     |
|                                | Managers           | 6  | 1.528 | .4585          | 1.1     | 2.3     |
|                                | Total              | 79 | 1.426 | .3816          | 1.0     | 2.3     |
| D Business Process             | Advisors           | 62 | 2.328 | .3810          | 1.0     | 3.1     |
|                                | Broker Consultants | 11 | 2.648 | .2349          | 2.2     | 2.9     |
|                                | Managers           | 6  | 2.456 | .3734          | 1.7     | 2.7     |
|                                | Total              | 79 | 2.382 | .3772          | 1.0     | 3.1     |

**Table 4.6 Descriptives**

|                                |                | Sum of Squares | df | Mean Square | F      | p    |
|--------------------------------|----------------|----------------|----|-------------|--------|------|
| A Compliance                   | Between Groups | 1.338          | 2  | .669        | 4.451  | .015 |
|                                | Within Groups  | 11.421         | 76 | .150        |        |      |
|                                | Total          | 12.758         | 78 |             |        |      |
| B Training & Product knowledge | Between Groups | .196           | 2  | .098        | 1.715  | .187 |
|                                | Within Groups  | 4.345          | 76 | .057        |        |      |
|                                | Total          | 4.541          | 78 |             |        |      |
| C Integrating with the bank    | Between Groups | 2.641          | 2  | 1.321       | 11.511 | .000 |
|                                | Within Groups  | 8.720          | 76 | .115        |        |      |
|                                | Total          | 11.361         | 78 |             |        |      |
| D Business Process             | Between Groups | .995           | 2  | .497        | 3.741  | .028 |
|                                | Within Groups  | 10.105         | 76 | .133        |        |      |
|                                | Total          | 11.100         | 78 |             |        |      |

**Table 4.7 Anova**

#### 4.6 Kruskal-Wallis Test

|                                | Chi-Square | df | p    |
|--------------------------------|------------|----|------|
| A Compliance                   | 6.121      | 2  | .047 |
| B Training & Product knowledge | 3.354      | 2  | .187 |
| C Integrating with the bank    | 13.300     | 2  | .001 |
| D Business Process             | 8.708      | 2  | .013 |

a. Kruskal Wallis Test

b. Grouping Variable: Group

**Table 4.8 Test Statistics( ab) for Kruskal-Wallis Test**

The results of the Kruskal-Wallis test shows that the scores for compliance, integrating with the bank and business process is significantly different among the three groups at the 95% level.

This test was done because of the small group sizes for the managers and brokers. However, the results are similar to the those of the Anova.

#### 4.7 Mean Analysis

Values of standard deviation greater than 1 show that there are some respondents who had scores/answers that differed from the average score/answer. For example, the standard deviation values are high for tenure, showing that tenure had a range of values. This is confirmed by the minimum and maximum values, which indicate the lowest score and highest score respectively.

The overall scores for the dimensions compliance, training and product knowledge, integrating with the bank, and business process were computed by averaging the scores for the items which comprise compliance, training and product knowledge, integrating with the bank, and business process by adding up the individual compliance item scores and dividing by the number of compliance items.

Overall scores then fall within the 5-point scale so that an overall score close to 1 would indicate that most respondents selected 1 for the items within that dimension and a score close to 5 would mean that most respondents selected 5 for the items relating to the dimension. My interpretation is that scores below 3 can be interpreted as having a positive attitude while scores above 3 can be interpreted as indicating a negative attitude.

#### 4.8 Findings based on frequency distribution tables.

##### 4.8.1 Background information on respondents

###### 4.8.1.1 AGE

|                | Group    |                    |          |        |
|----------------|----------|--------------------|----------|--------|
|                | Advisors | Broker Consultants | Managers | Total  |
| Minimum        | 23       | 23                 | 35       | 23     |
| Maximum        | 61       | 43                 | 60       | 61     |
| Mean           | 38.25    | 36.50              | 47.83    | 38.78  |
| Std. Deviation | 10.594   | 5.817              | 10.304   | 10.339 |

Table 4.9 Age of respondents

Although the ages of the respondents range from 23 to 61, and the mean is at 38.25, the high standard deviation indicates that the age range among advisors, managers and broker consultants is extremely wide.

The interpretation of the results suggests that there are varying levels of maturity among the respondents. In the case of the advisors, this may impact on the way their expertise may be perceived by clients. It may also therefore impact on their target market, and on the business they write. More specifically to this study, there is the possibility that the wide range in their ages may influence the product mix sold.



**4.8.1.2 GENDER**

|           |        |                |        | Group    |                    |          | Total |
|-----------|--------|----------------|--------|----------|--------------------|----------|-------|
|           |        |                |        | Advisors | Broker Consultants | Managers |       |
| Q2 Gender | Male   | Count          | 50     | 7        | 6                  | 63       |       |
|           |        | % within Group | 80.6%  | 63.6%    | 100.0%             | 79.7%    |       |
|           | Female | Count          | 12     | 4        | 0                  | 16       |       |
|           |        | % within Group | 19.4%  | 36.4%    | .0%                | 20.3%    |       |
| Total     |        | Count          | 62     | 11       | 6                  | 79       |       |
|           |        | % within Group | 100.0% | 100.0%   | 100.0%             | 100.0%   |       |

**Table 4.10 Gender of respondents**

19.4% of respondents are women and 80.6% of respondents are male. As indicated by the literature review in Chapter Two, research suggests that gender influences the product mix sold. This may be an area for future research.

Only two advisors have a CFP, which is the highest benchmark qualification among financial advisors. This is a concern in a highly regulated environment where qualifications are regulated and the level of expertise may be determined by the level of industry-related qualification. However, there are thirteen advisors at RFP3 level and the next level of qualification would be CFP.

**4.8.1.3 Tenure**

The standard deviation is quite high, indicating a wide range of values for tenure among advisors. This suggests that the level of experience is quite varied. New entrants into the industry may find adapting to an increasingly dynamic and regulated environment easier. The challenges would be for the more experienced advisors to share expertise with newer advisors.

#### 4.8.1.4 Income level

As the income earned by financial advisors is commission based, the range of income earned by the advisors suggests their level of success in their profession. The figures indicate that about a third of the distribution force earn below R200 000. This suggests that a high degree of sales development is required to grow their earning power.

By providing holistic financial planning, it is expected that more selling opportunities would be created. This should result in higher commissions being paid to financial advisors. As advisors' performance are measured by the levels of commission they earn, holistic planning should see those advisors who are not having success in sales increase their productivity.

#### 4.8.2 Compliance

##### 4.8.2.1. A detailed financial needs analysis is conducted for every client.

**Crosstab**

|       |                |                | Group    |                    |          | Total  |
|-------|----------------|----------------|----------|--------------------|----------|--------|
|       |                |                | Advisors | Broker Consultants | Managers |        |
| A5    | Strongly agree | Count          | 41       | 3                  | 3        | 47     |
|       |                | % within Group | 66.1%    | 27.3%              | 50.0%    | 59.5%  |
|       | Agree          | Count          | 15       | 6                  | 1        | 22     |
|       |                | % within Group | 24.2%    | 54.5%              | 16.7%    | 27.8%  |
|       | Undecided      | Count          | 0        | 2                  | 1        | 3      |
|       |                | % within Group | .0%      | 18.2%              | 16.7%    | 3.8%   |
|       | Disagree       | Count          | 6        | 0                  | 1        | 7      |
|       |                | % within Group | 9.7%     | .0%                | 16.7%    | 8.9%   |
| Total |                | Count          | 62       | 11                 | 6        | 79     |
|       |                | % within Group | 100.0%   | 100.0%             | 100.0%   | 100.0% |

**Table 4.11 Response to question on Financial Needs Analysis**

The data in Table 4.11 show that generally 87.3% of the respondents either agreed or strongly agreed that a detailed financial needs analysis is conducted for every client. Amongst the advisors, 90.3% conduct a financial needs analysis as compared to 81.8% of the Broker Consultants and 66.7% of the managers.

The positive responses from the advisors, broker consultants and managers suggests that the necessary disclosures are done in compliance with the FAIS act.

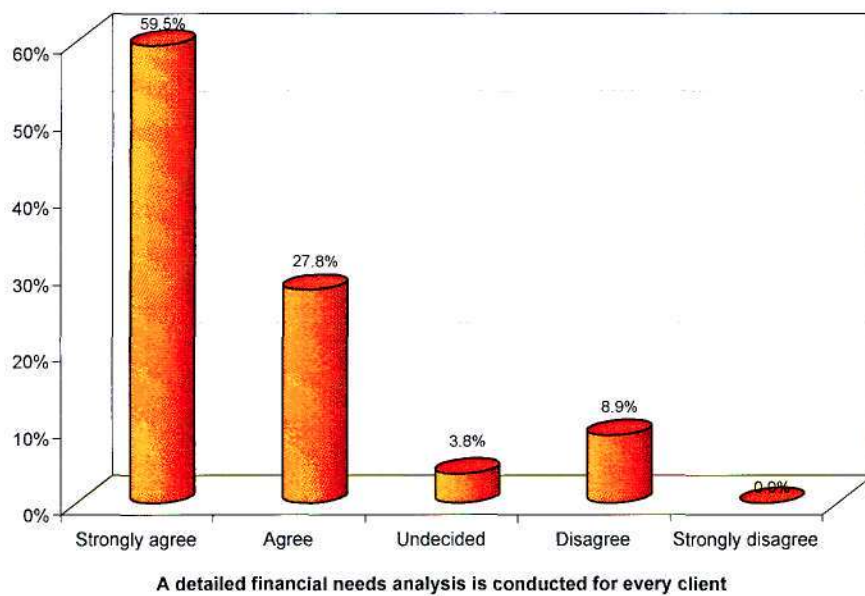


Figure 4.1 All respondents and the FNA

The graph indicates that the advisors, broker consultants and managers state that financial needs analyses are completed for clients.

**4.8.2.2 The advisor and the client agree to a future date (no longer than twelve months) for a review of their financial situation.**

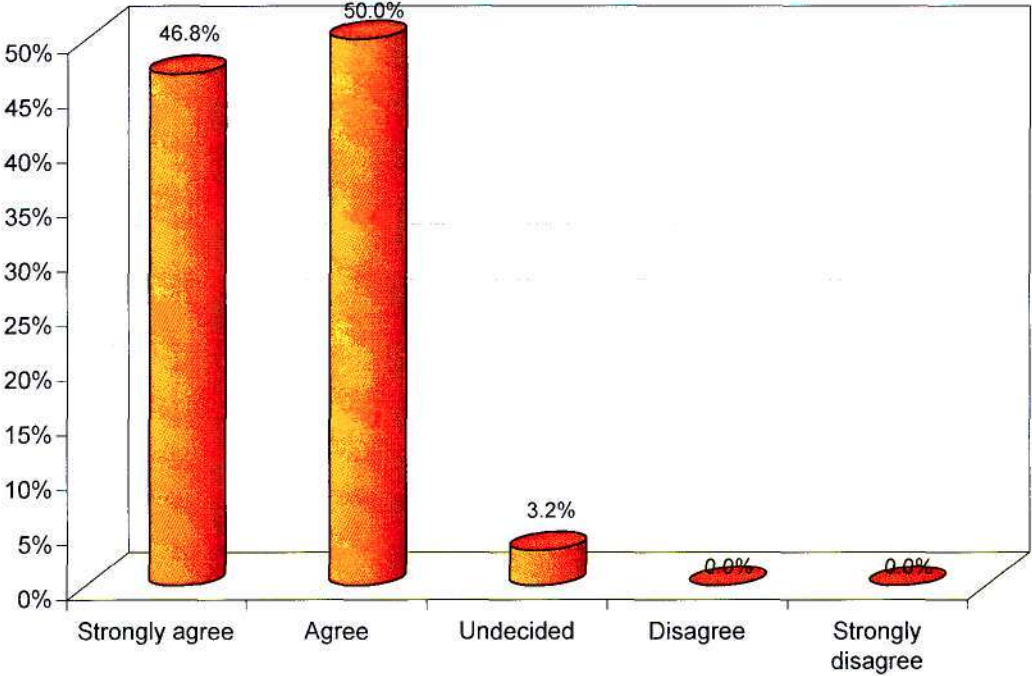
**Crosstab**

|       |                |                | Group    |                    |          | Total  |
|-------|----------------|----------------|----------|--------------------|----------|--------|
|       |                |                | Advisors | Broker Consultants | Managers |        |
| A9    | Strongly agree | Count          | 29       | 3                  | 2        | 34     |
|       |                | % within Group | 46.8%    | 27.3%              | 33.3%    | 43.0%  |
|       | Agree          | Count          | 31       | 4                  | 1        | 36     |
|       |                | % within Group | 50.0%    | 36.4%              | 16.7%    | 45.6%  |
|       | Undecided      | Count          | 2        | 4                  | 2        | 8      |
|       |                | % within Group | 3.2%     | 36.4%              | 33.3%    | 10.1%  |
|       | Disagree       | Count          | 0        | 0                  | 1        | 1      |
|       |                | % within Group | .0%      | .0%                | 16.7%    | 1.3%   |
| Total |                | Count          | 62       | 11                 | 6        | 79     |
|       |                | % within Group | 100.0%   | 100.0%             | 100.0%   | 100.0% |

**Table 4.12 Annual financial review**

The data in Table 4.12 reflect that generally 88.6% of the respondents either agreed or strongly agreed with the statement that the advisor and the client routinely agree to a future date (no longer than twelve months) for a review of their financial situation.

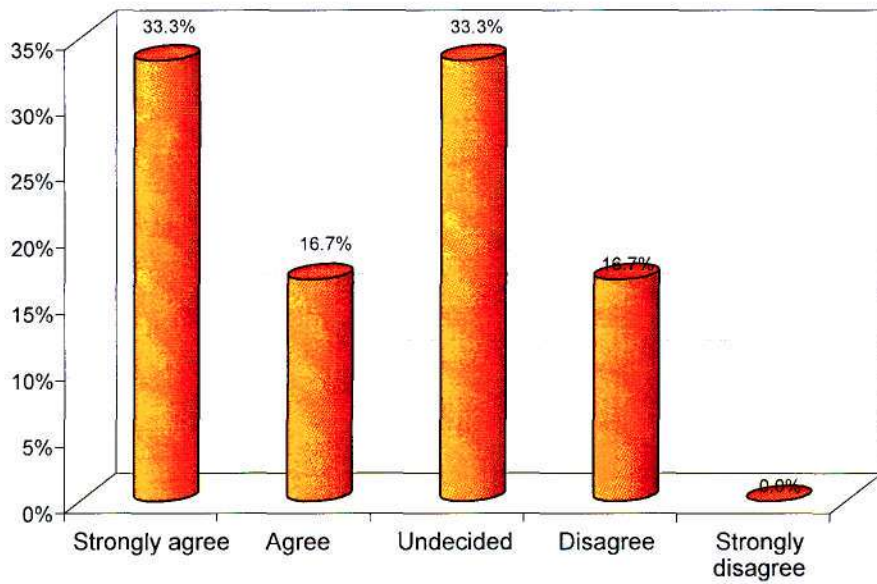
The tables below illustrate graphically the responses of the advisor and management respectively.



**The advisor and the client agree to a future date (no longer than twelve months) for a review of their financial situation**

**Figure 4.2 Advisor's responses**

Amongst the advisors, 96.8% answered positively to setting an annual review date.



The advisor and the client agree to a future date (no longer than twelve months) for a review of their financial situation

Figure 4.3 Management Perspective

50% of management believe that advisor's set annual review dates with clients and 16.7% do not. 33.3% are uncertain.

#### 4.8.2.3 You have read the FAIS code of conduct and are familiar with its contents.

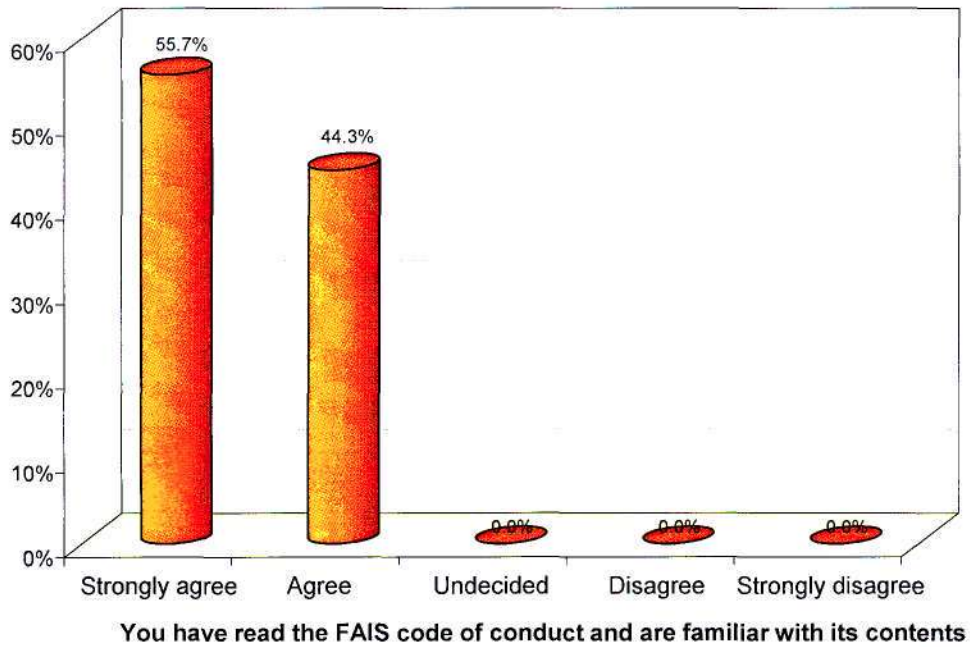


Figure 4.4 All respondents

There is a strong correlation with the views of the three different respondents. 100% of respondents strongly agreed or agreed. This suggests that the FAIS code of conduct is familiar to all respondents.

Responses from advisors and management to questions A12 to A14 (see Appendix 1) indicate that management is involved in ensuring the compliance of the advisors' practice. Suggestions made by management are carried out and monitored.

#### 4.8.2.4 The responses to the questions on client files:

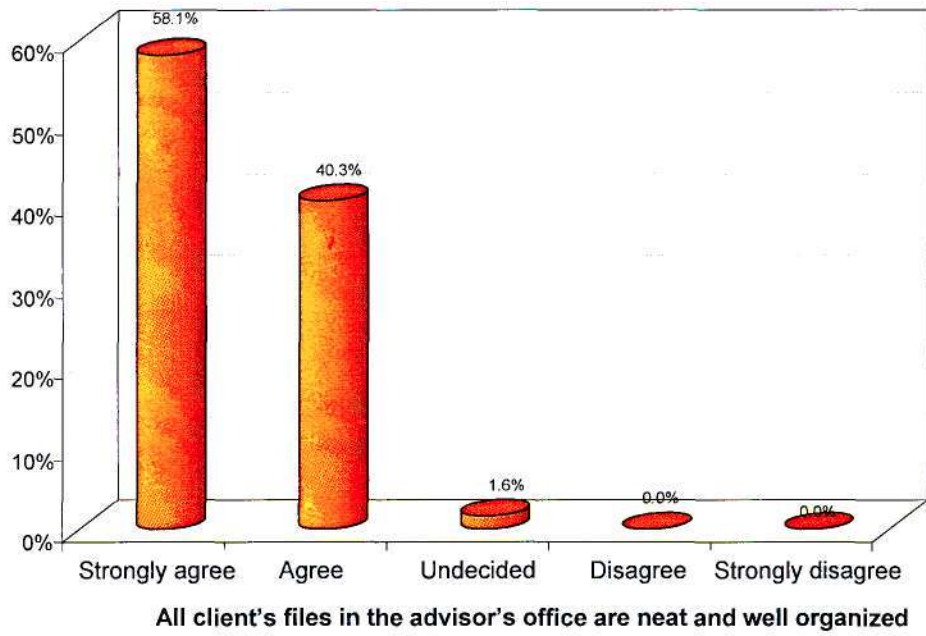
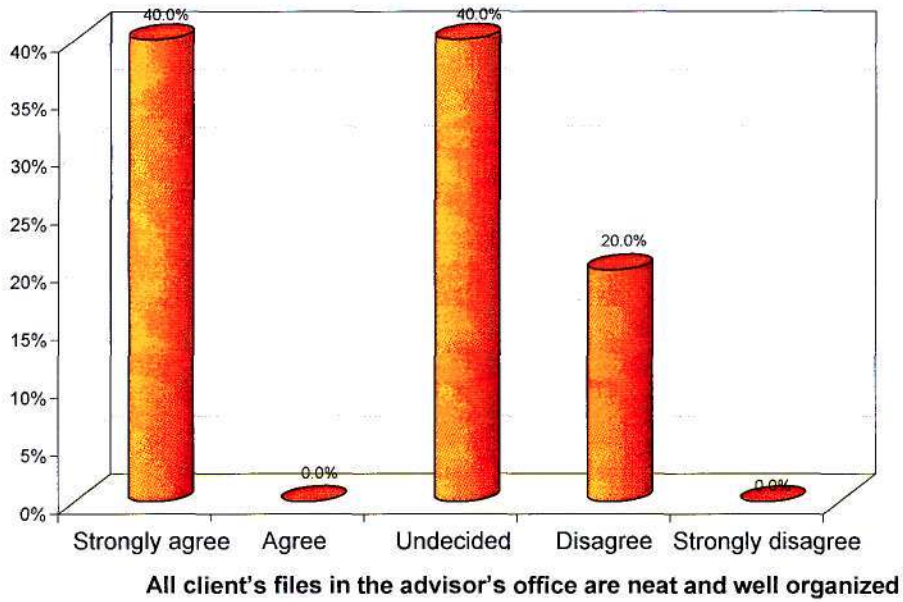


Figure 4.5 Advisors' response

98.4% of advisors responded that their client's files are neat and well organized.





**Figure 4.6 Management response**

98.4% of advisors believe that their files are neat and well organized while 40% of management are undecided, and 20% do not believe it is so.

**4.8.2.5 The responses to keeping notes of all conversations with clients are as follows:**

**Crosstab**

|       |                |                | Group    |                    |          | Total  |
|-------|----------------|----------------|----------|--------------------|----------|--------|
|       |                |                | Advisors | Broker Consultants | Managers |        |
| A16   | Strongly agree | Count          | 23       | 3                  | 2        | 28     |
|       |                | % within Group | 37.1%    | 27.3%              | 33.3%    | 35.4%  |
|       | Agree          | Count          | 35       | 5                  | 1        | 41     |
|       |                | % within Group | 56.5%    | 45.5%              | 16.7%    | 51.9%  |
|       | Undecided      | Count          | 4        | 3                  | 0        | 7      |
|       |                | % within Group | 6.5%     | 27.3%              | .0%      | 8.9%   |
|       | Disagree       | Count          | 0        | 0                  | 3        | 3      |
|       |                | % within Group | .0%      | .0%                | 50.0%    | 3.8%   |
| Total |                | Count          | 62       | 11                 | 6        | 79     |
|       |                | % within Group | 100.0%   | 100.0%             | 100.0%   | 100.0% |

**Table 4.13 Response from all three respondents on keeping notes of all conversations with clients**

The responses to the question about keeping a record of all conversations with clients show that 93.6% of advisors believe this is done but only 50% of management concurs.

The results suggest that management is unsure of their advisors' business practices. Having organized files is a FAIS requirement. Relevant documentation relating to clients is expected to be immediately available in the case of a client complaint.

#### 4.8.2.6 Most respondents agree that a checklist is being used to assist in compliance.

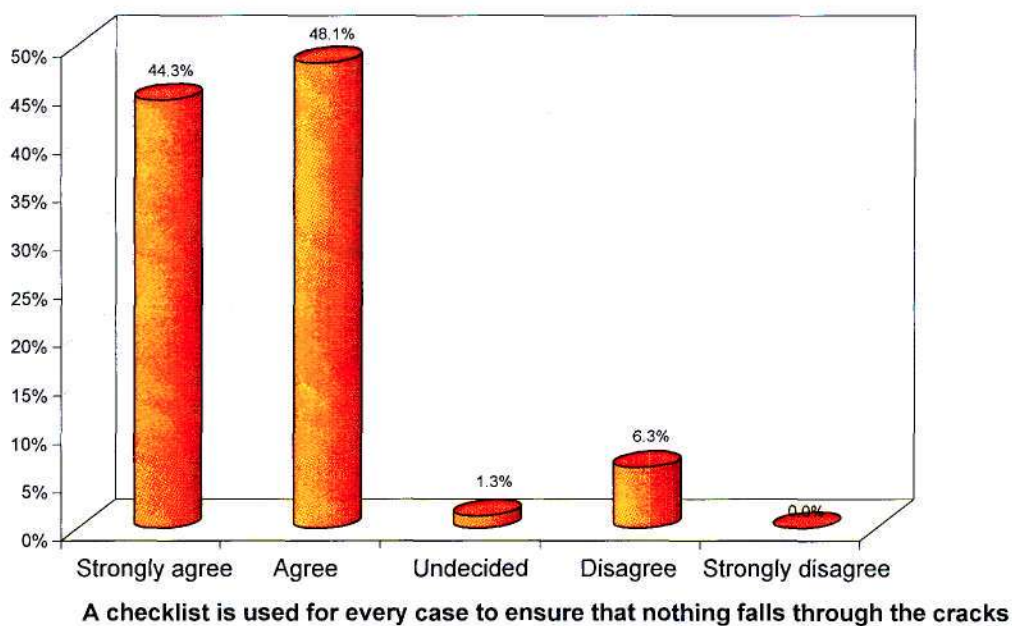


Figure 4.7 All respondents

92.4% of all respondents strongly agreed or agreed. The bank provides mechanisms to assist the advisor in this regard.

#### 4.8.3 Training

##### 4.8.3.1 The advisor is given adequate training on life, disability and dread disease products.

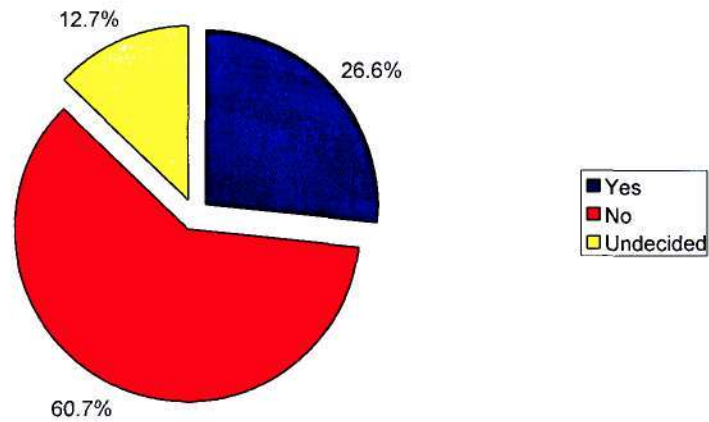
**Crosstab**

|       |                |                | Group    |                       |          | Total |
|-------|----------------|----------------|----------|-----------------------|----------|-------|
|       |                |                | Advisors | Broker<br>Consultants | Managers |       |
| B1    | Yes            | Count          | 52       | 11                    | 3        | 66    |
|       |                | % within Group | 83.9%    | 100.0%                | 50.0%    | 83.5% |
|       | No             | Count          | 6        | 0                     | 3        | 9     |
|       |                | % within Group | 9.7%     | .0%                   | 50.0%    | 11.4% |
|       | Undecided      | Count          | 4        | 0                     | 0        | 4     |
|       |                | % within Group | 6.5%     | .0%                   | .0%      | 5.1%  |
| Total | Count          | 62             | 11       | 6                     | 79       |       |
|       | % within Group | 100.0%         | 100.0%   | 100.0%                | 100.0%   |       |

**Table 4.14 Responses to whether the advisor is given adequate training on life, disability and dread disease products.**

Table 4.14 shows that 83.5% of the respondents indicated that the advisor is given adequate training on life, disability and dread disease products. All the Broker Consultants affirmed this statement as compared to 83.9% of the advisors and 50% of the managers.

#### 4.8.3.2 Refresher training is provided at least every 3 months on:

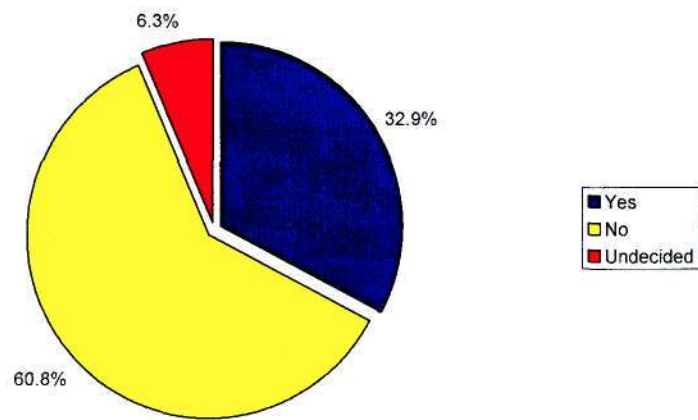


Refresher training is provided at least every 3 months on Life, disability, dread disease (Risk products)

Figure 4.8 All responses

26% of respondents agreed while 12.7% were undecided. 60.7% of respondents do not believe that refresher training is provided on a regular basis. This informs the recommendation that ongoing refresher training is required. The frequency with which training is offered is an opinion of the researcher.

#### 4.8.3.3 Life insurance products (risk) are complex



Life insurance products (risk) are complex

Figure 4.9 All Responses

32.9% of advisors believe that risk products are complex while 60.8% do not agree. This suggests that there are training needs, as a large majority of managers and broker consultants do not believe the products are complex.

#### 4.8.3.4 Investment products are complex

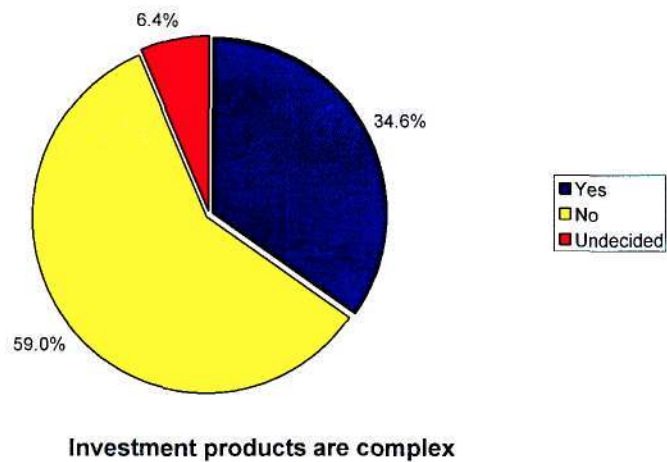
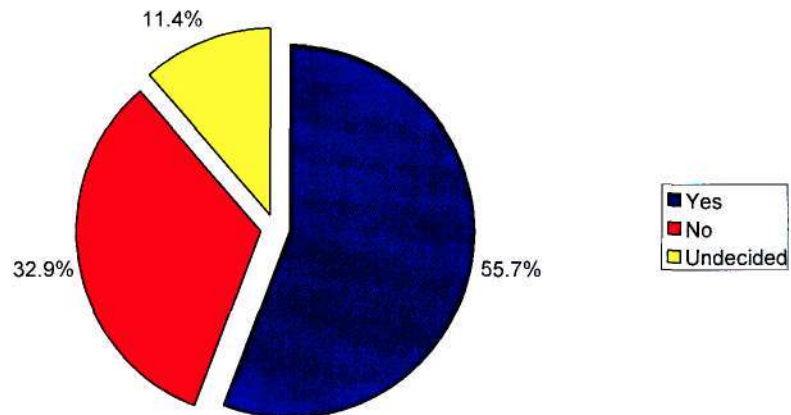


Figure 4.10 All responses

34.6% of respondents believe that investment products are complex while 59% of respondent believe that they are not.

As the responses to the complexity of both risk and investment products are similar, and the fact that more investment products are sold, it may be inferred that the preference for a particular product mix is not dependent directly on the complexity of the product.

#### 4.8.3.5 Adequate sales training is provided by management

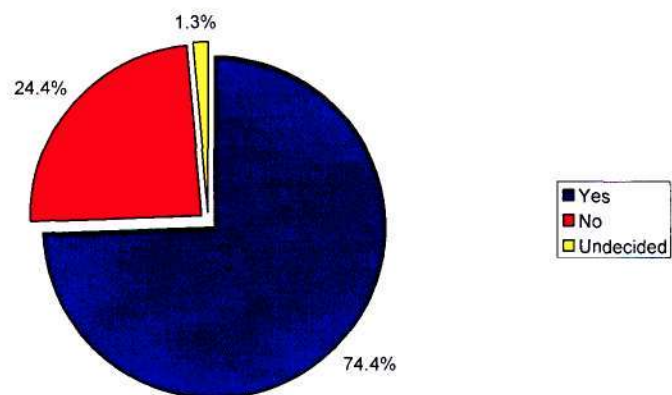


Adequate sales training is provided by management

Figure 4.11 All responses

55,7% agree while 32.9% do not. Only 33.3% of the managers agree (see Appendix 2).

#### 4.8.3.6. Further training is required on sales techniques:

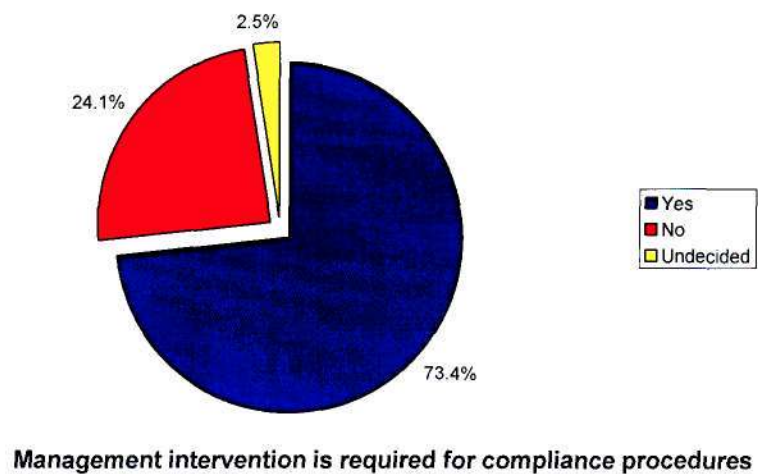


Further training is required on Sales techniques

Figure 4.12 All responses

74.4% of respondents believe that sales training is needed. Similar responses from all respondents were given for FNA and compliance training.

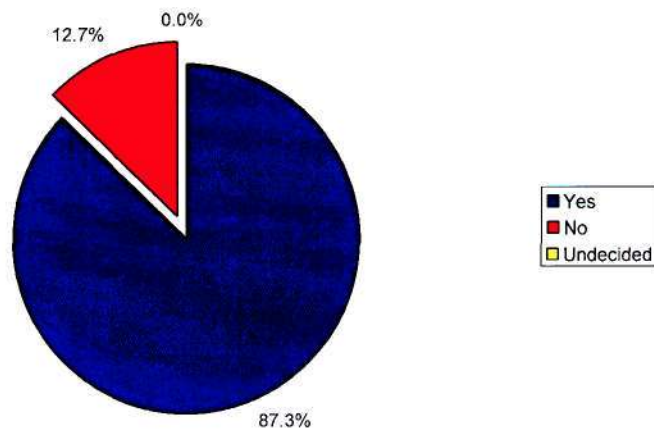
**4.8.3.7** The responses to the question related to management intervention for compliance procedures, sales growth strategies, personal growth and development, and business growth and development are shown below (Figures 4.13, 4.14, 4.15, 4.16).



**Figure 4.13 All respondents**

73.4% of all respondents believe that management intervention is required for compliance procedures while 24.1% do not agree.

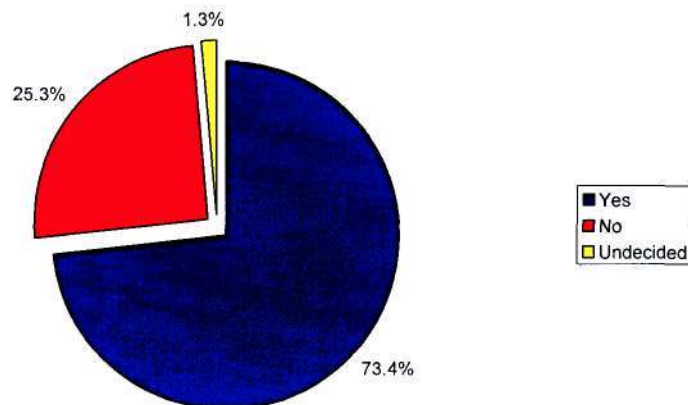




**Management intervention is required for Sales growth strategies**

**Figure 4.14 All respondents**

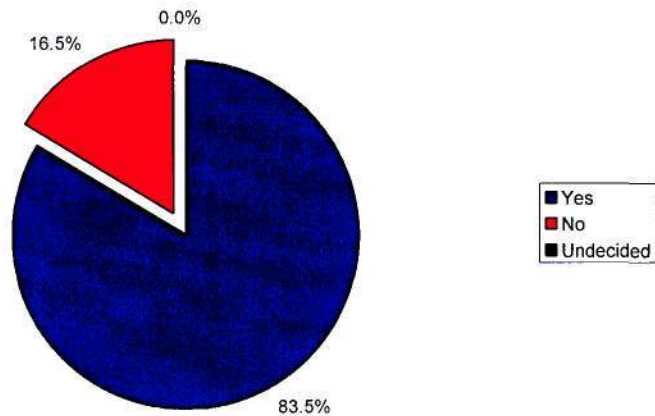
87.3% of respondents agree that management intervention is required for sales growth strategies. This suggests that advisors require guidance and ideas on how to increase sales.



**Management intervention is required for Personal growth and Development**

**Figure 4.15 All respondents**

73.4% of respondents require guidance and assistance from management for their own personal growth and development.



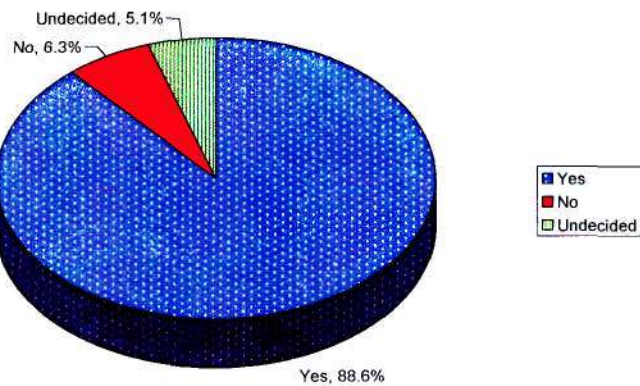
**Management intervention is required for Business growth and Development**

**Figure 4.16 All respondents**

A large majority (83.5%) believes that management intervention is required in all aspects of their business.

#### 4.8.4 Integrating with the Bank

##### 4.8.4.1 The advisor is considered part of the bank branch he works in.

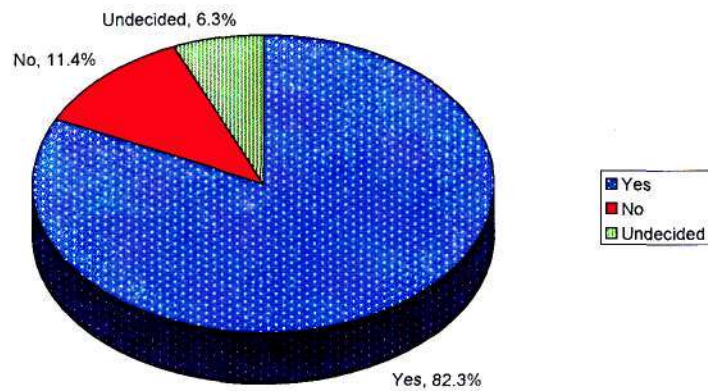


**The advisor is considered part of the bank branch he works in**

**Figure 4.17 All respondents**

Most respondents agreed with the statement (88.6%). Most are invited to attend bank branch meetings.

#### 4.8.4.2 The advisor attempts to be at every bank branch meeting

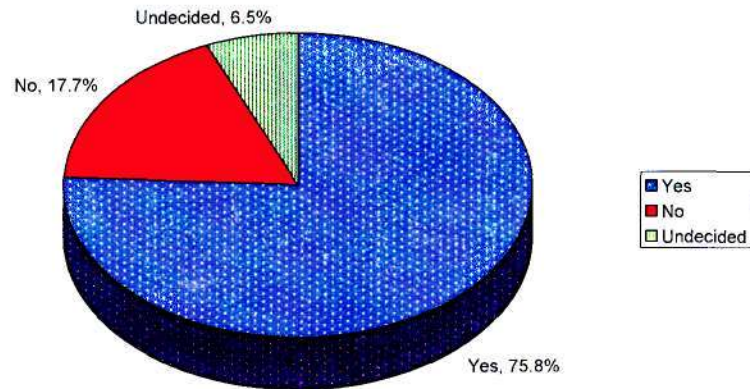


The advisor attempts to be at every bank branch meeting

Figure 4.18 All respondents

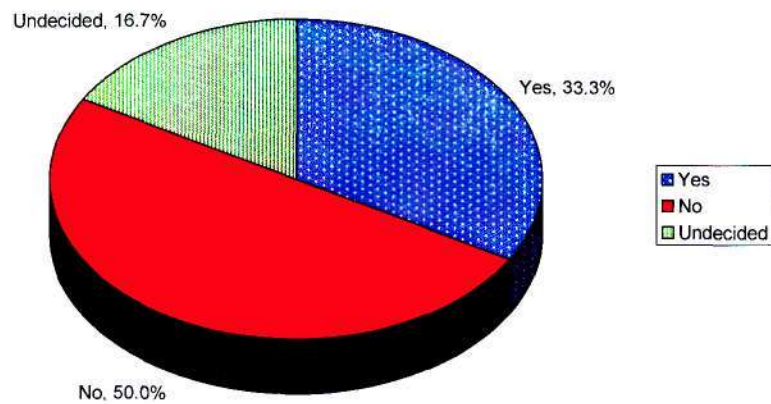
82.3% of all respondents agreed while 11.4% did not. 6.3% were unsure.

#### 4.8.4.3 Bank staff has an interest in the role of the advisor at the bank



Bank staff has an interest in the role of the advisor at the bank

Figure 4.19 Advisors' response

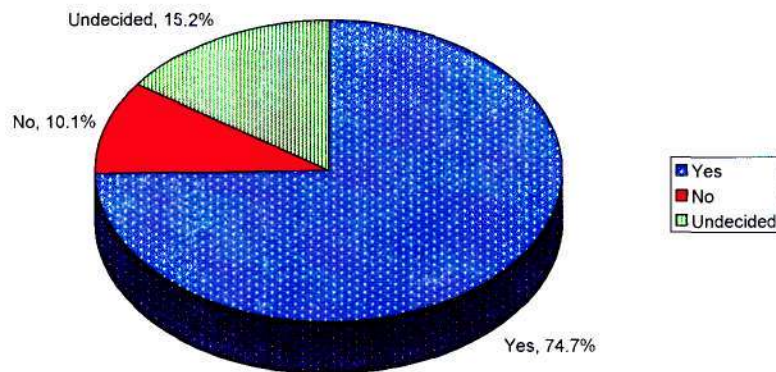


Bank staff has an interest in the role of the advisor at the bank

Figure 4.20 Management response

The viewpoints of the advisors and management are conflicting. 75.6 % of advisors and 33.3% of management agree. The reasons for this conflicting view may require further study.

#### 4.8.4.4 The bank staff is aware of the role of the advisor in the bank

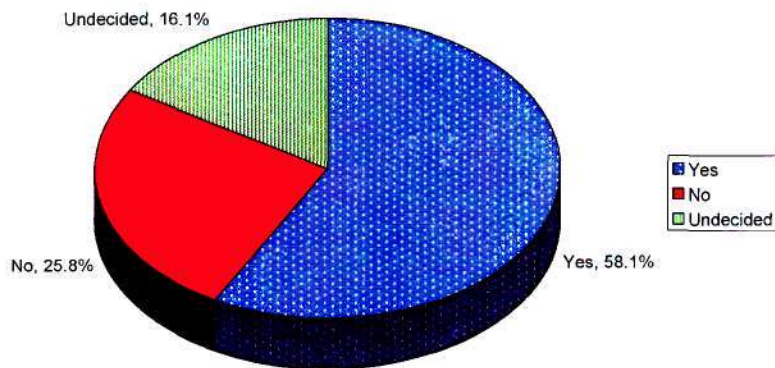


The bank staff is aware of the role of the advisor in the bank

Figure 4.21 All respondents

Most respondents (74.7%) agree that members of the bank staff are aware of the financial advisors' role in the bank while 15.2% are undecided.

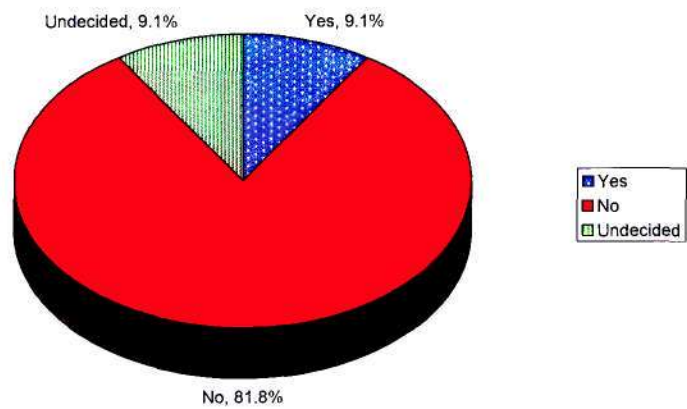
#### 4.8.4.5 Bank staff is trained on the products marketed by the advisor. The figures below show responses from the advisors, broker consultants and management respectively.



Bank staff is trained on the products marketed by the advisor

Figure 4.22 Advisors' response

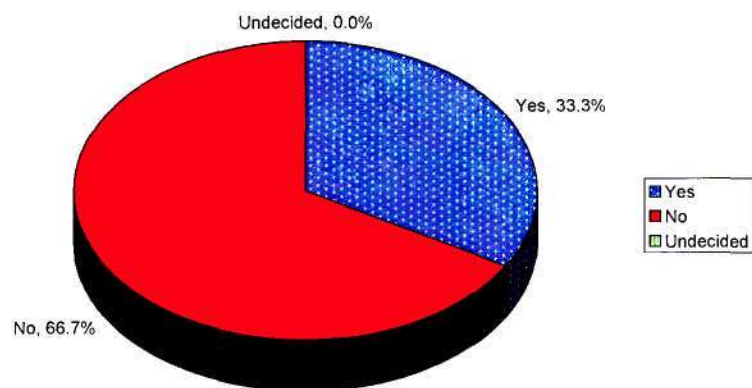
58.1% of advisors agree that bank staff are trained on the products that they market.



Bank staff is trained on the products marketed by the advisor

**Figure 4.23 Broker Consultant response**

81.8% of broker consultants do not believe that the bank staff is trained. This suggests a training need for bank staff. The results also suggest that advisors may not be aware that the bank staff requires additional training.

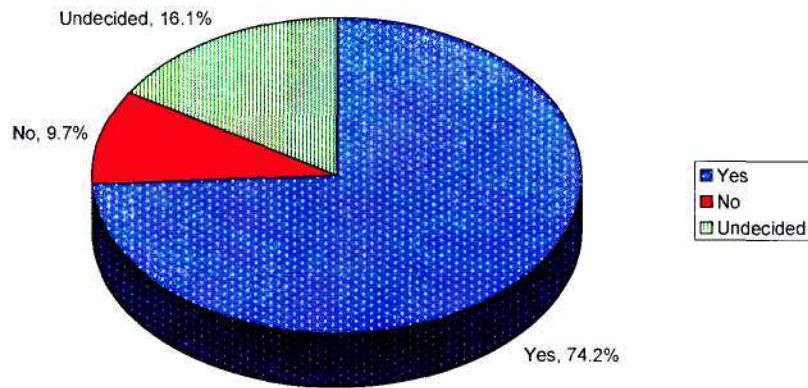


Bank staff is trained on the products marketed by the advisor

**Figure 4.24 Management response**

Management (66.7%) does not believe that the bank staff is sufficiently trained by the advisors. There appears to be a training gap here.

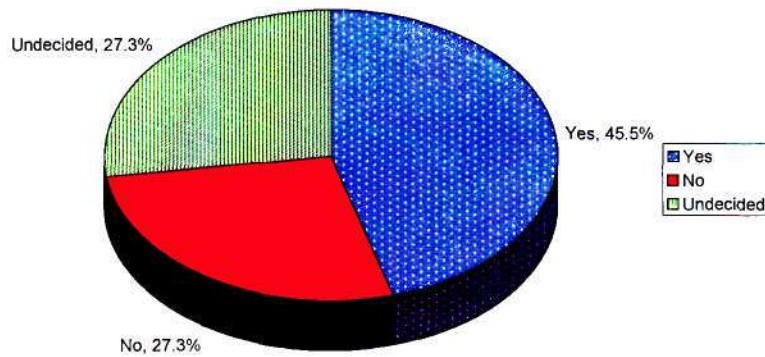
4.8.4.6 Bank staff is trained on generating leads for your business. The figures below illustrate responses from the advisors, broker consultants and management respectively.



Bank staff is trained on generating leads for your business

Figure 4.25 Advisors' response

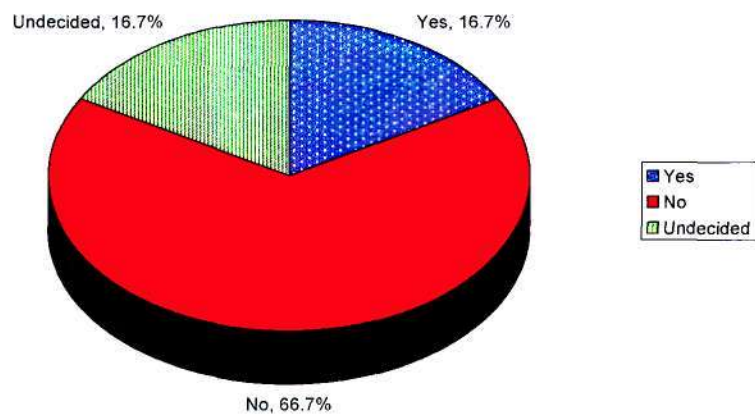
Most advisors (74.2%) agree that bank staff have adequate training on leads generation for their business.



Bank staff is trained on generating leads for your business

Figure 4.26 Broker Consultant Response

Only 45.5% of broker consultants agreed. More than 50% responded negatively to the question.

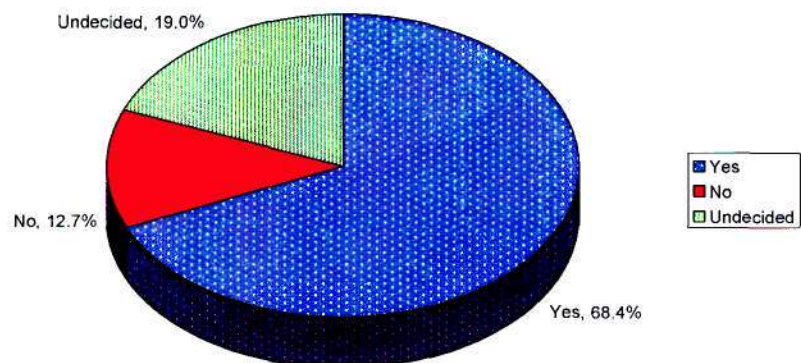


Bank staff is trained on generating leads for your business

Figure 4.27 Management response

66.7% of managers felt that bank staff were not trained on generating leads while 16.7% believe that they are trained.

#### 4.8.4.7 SBFC Management meets regularly with bank managers



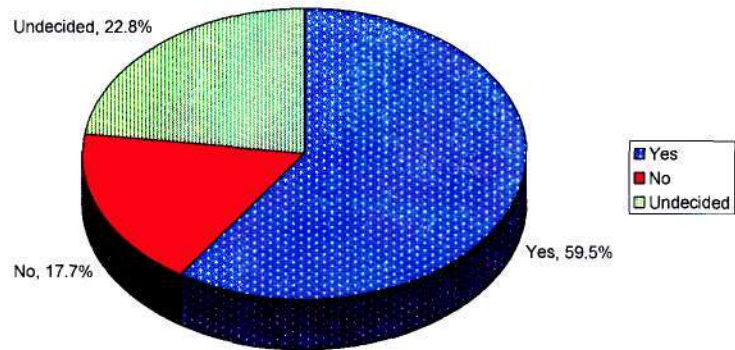
SBFC Management meets regularly with bank managers

Figure 4.28 All respondents

Most respondents agreed that management (whose function it is to manage financial advisors) meets regularly with bank managers.



#### 4.8.4.8 SBFC Management have built relationships with bank staff

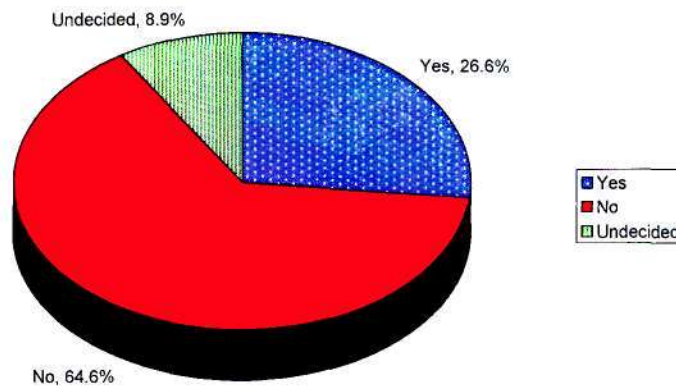


SBFC Management have built relationships with bank staff

Figure 4.29 All respondents

59.5% of all respondents believe that the SBFC management have built relationships with bank staff.

#### 4.8.4.9 There is sufficient branding for life insurance within the bank



There is sufficient branding for life insurance within the bank

Figure 4.30 All respondents

64.6% of all respondents indicated that there is insufficient branding in the bank.

#### 4.8.5 Business Processes

##### 4.8.5.1. The sale of risk products is time consuming.

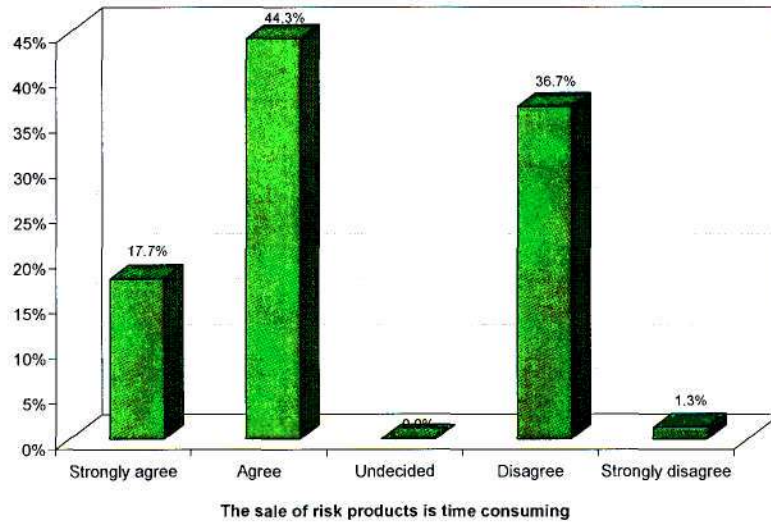


Figure 4.31 All respondents

62% of all respondents strongly agreed or agreed to the question while 38% disagreed.

##### 4.8.5.2 Investment products are easy to sell

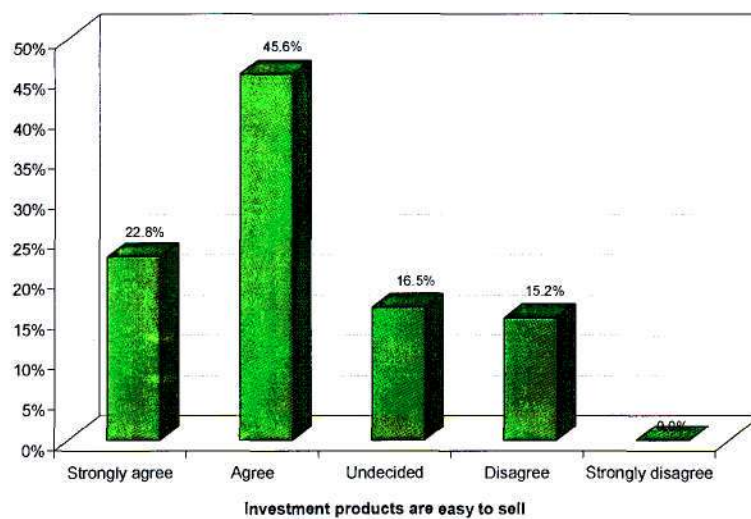


Figure 4.32 All respondents

68.4% of all respondents agreed that sales of investments are easy and 15.2% disagreed.

#### 4.8.5.3 The commission paid on investment products is more attractive than risk products

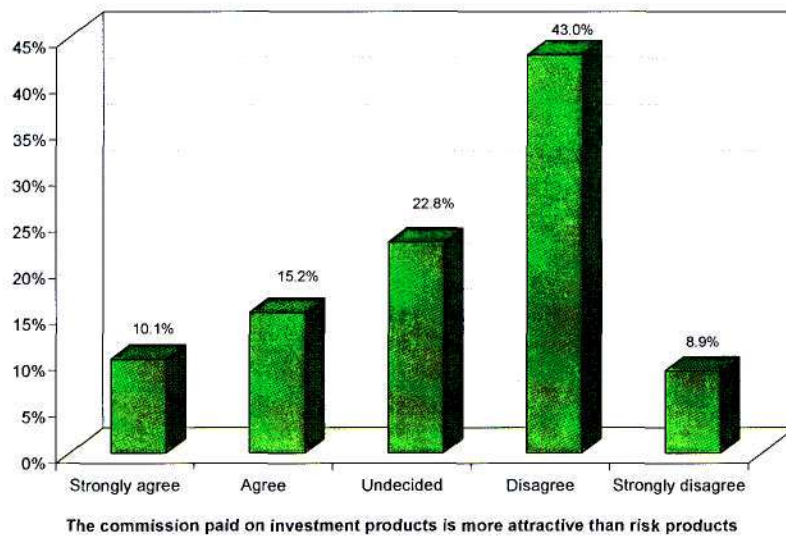


Figure 4.33 All respondents

25.3% agreed while most disagreed (51.9%) with the statement given here. This suggests that the preference for investment sales is not driven by differential rates of commission.

#### 4.8.5.4 The commission paid on risk products is more attractive than investment products

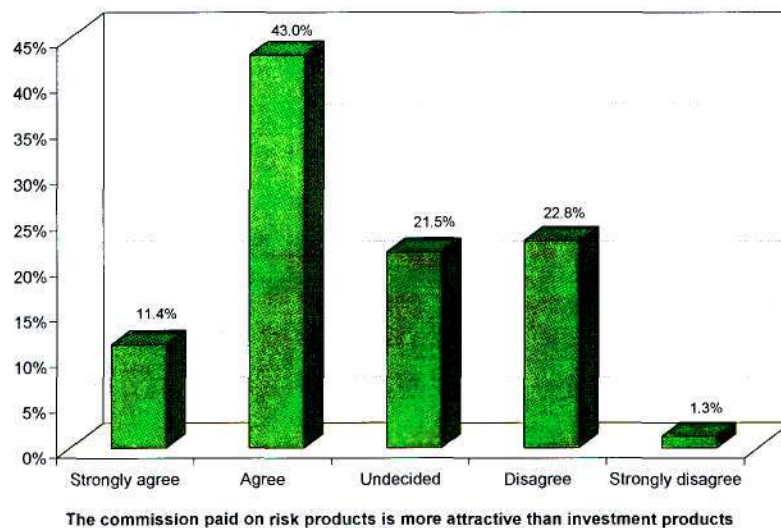
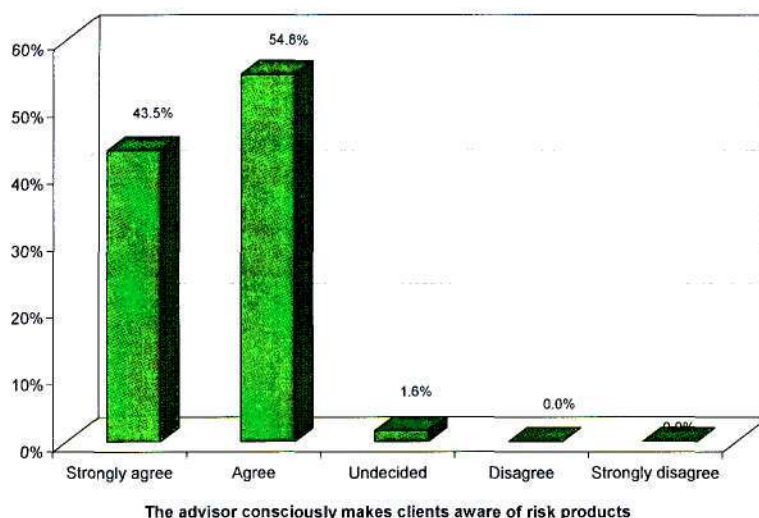


Figure 4.34 All respondents

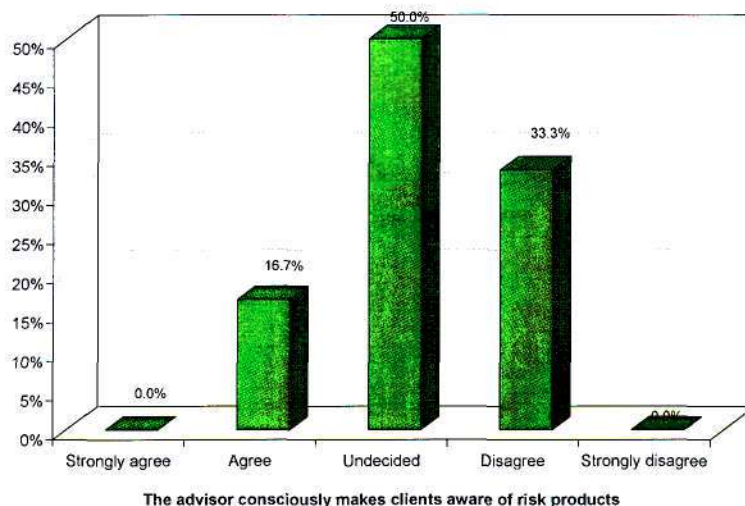
Most respondents (54.4%) agreed with this statement and 24.1% do not. The results suggest that the majority of respondents agree that the sale of risk products provides better financial incentives. The results imply that the preference for the sale of either the risk or investment product is not driven by a desire for greater earnings entirely.

**4.8.5.5 The following diagrams illustrate the responses of advisors and management to the statement that the advisors consciously make their clients aware of the availability of risk products.**



**Figure 4.35 Advisor response**

98.3% of advisors believe that they consciously make clients aware of risk products.



**Figure 4.36 Management response**

Management disagrees with the view of the advisors, as only 16.7% agree with the statement and 33.3% disagree. There appears to be a conflicting view in this regard.

#### 4.8.5.7 The advisor sells what the client wants – not what he needs.

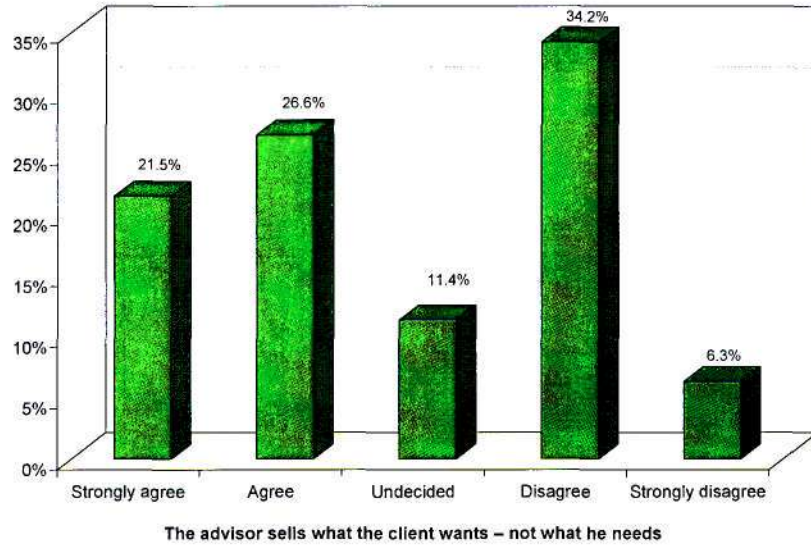


Figure 4.37 All respondents

48.1% of respondents strongly agreed or agreed. The results suggest that sales are transactional rather than consultative.

#### 4.8.5.8 The advisor is perceived as an insurance salesman by clients

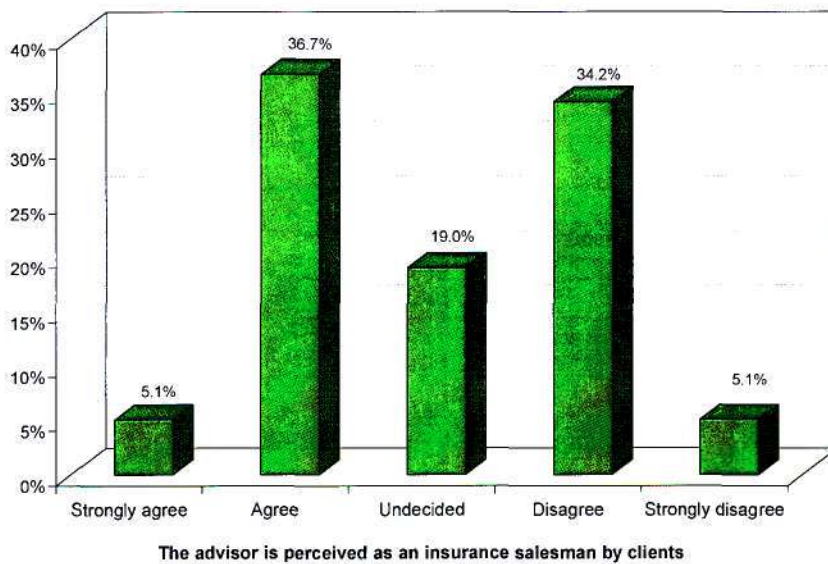
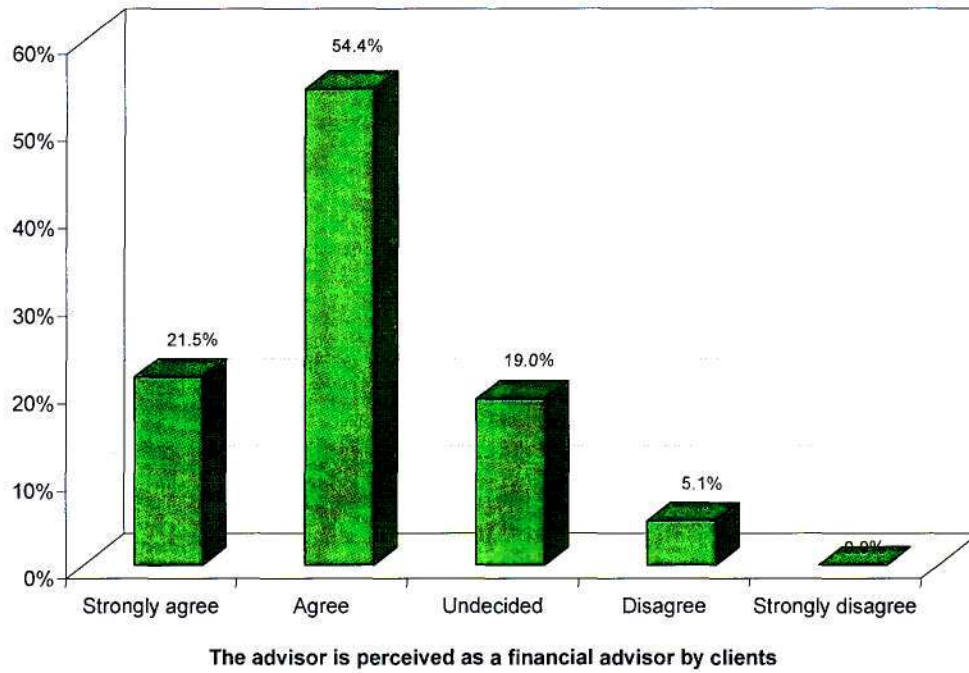


Figure 4.38 All respondents

41.8% of all respondents strongly agreed or agreed. This implies a need to change the self-image of the advisors.

Figure 4.39 below shows the responses to how the statement about how the advisors are perceived by clients.



**Figure 4.39 All respondents**

More advisors (75.9%) believe that clients see them as financial advisors rather than as insurance salesmen.

## CHAPTER 5

### DISCUSSION OF RESULTS

#### 5.1 Introduction

This chapter provides a discussion of the research findings. It explores the objectives stated in Chapter One and makes recommendations.

The objectives stated in Chapter One cover four main issues: compliance, training and product knowledge, integration with the bank, and business processes.

#### 5.2 Analysis of the questionnaire in terms of the objectives of the study

##### 5.2.1 Compliance: To assess the impact of regulation on the business of the advisor

Current legislation regulates the manner in which a financial advisor provides advice to the client. An important component of the regulation is the completion of a comprehensive financial needs analysis for every client. The introduction of the Financial Advisory and Intermediary Services Act (FAIS Act) of 2002 has played a major role on the way life insurance intermediaries and companies do business (Diacon and Ennew 1996). To meet the requirements of the FAIS Act, all financial advisors need to conduct a comprehensive financial needs analysis on their clients.

This would ensure that holistic advice is provided. It follows therefore that the products offered should be appropriate to the needs apparent from the financial needs analysis. Currently, more investment products are sold than risk products. If a financial needs analysis is completed, a more balanced product mix of risk and investment products should be sold to the client.

The results from the questionnaire show that all respondents are familiar with the FAIS code of conduct and its contents (figure 4.4). This is not necessarily true as they may not be telling the truth. Insurance companies have been driving FAIS training to all financial advisors since its introduction.

The results shown in figure 4.4 in chapter three suggest that the advisors have sufficient knowledge of the FAIS Act. The study did not test if advisors are able to demonstrate this.

The positive responses from the advisors, broker consultants and management on compliance suggest that the necessary compliance disclosures are done and that a detailed financial analysis is done for all clients. This result is expected as the bank has strict regulatory business practices to ensure that all bank personnel comply with all legislation.

The study did not explore the quality of the financial needs analysis (FNA). As this is a business process that is required by the bank, the FNA may be completed only to satisfy a compliance requirement, as opposed to genuinely establishing the needs of the client.

Most advisors responded positively to the query about meeting their client for an annual review of their financial affairs. This is a requirement of the FAIS Act. Only half of management agreed with the views of the advisors. This suggests that management does not believe that annual reviews are being done.

Having neat and organized files and documenting conversations with clients is an important component in ensuring that detailed records of clients are maintained, particularly in a regulated environment. Client complaints are attended to by referring to the appropriate documented records in a client's file. Although 98.4% of advisors believe that their files are neat and organized, only 40% of managers agree.



In addition to providing holistic advice in terms of the FAIS Act, management intervention is necessary in ensuring all components of compliance are adhered to. The opposing views of the advisors and management suggest that advisors' standards of compliance and those of their line managers differ.

A recommendation would be that management should exercise tighter controls to ensure that advisors meet their expectation.

### **5.2.2 Training and Product Knowledge: To investigate the impact of training and product knowledge on the product mix offered to the client**

Training should be provided by management as well as product suppliers. Training should be ongoing and should not occur only when new products are introduced. According to Chester, Painter-Eggers, Gopalan (2007), training should not only focus on the products being sold but also on the process of selling these products. The responses to the training dimension were assessed.

On the question of the provision of training, 83.5% of all respondents agreed that the advisor is given adequate training on risk (life, disability and dread disease) insurance products.

A very strong response to ongoing, regular training was given. Most respondents do not believe that this is provided. This indicates that a continuous training program needs to be implemented.

The section of the questionnaire dealing with training also looked at the complexity of the products. Complex products would require more training interventions than other products. 32.9% of all respondents believed that risk products are complex. When compared to investment products, 34.9% of all respondents agreed that investment products are complex.

This suggests that the sale of more investment products by the bancassurance distribution channel is not dependent on the complexity of the product, as both risk and investment products are viewed almost equally in respect of this. Risk products are therefore not any easier or more difficult to understand than investment products.

Questions on specific training needs such as sales techniques, financial needs analysis, and compliance were assessed. The responses to these showed that 67.2% of advisors believed that they require more training on sales techniques, 53.2% of advisors believed that more training is required for financial needs analysis, and that 50% of advisors required more compliance training.

One of the success factors for the partnership between the bank and the insurer is more effective sales management, (Norman 2006). The role of management in the development of the sales force is strongly reinforced in the responses from the advisors in particular. A large majority of all respondents believed that management intervention is required for compliance purposes (73.4%), sales growth strategies (87.3%), personal growth and development (73.4%), business growth and development (83.5%).

### **5.2.3 Integration with the bank: To explore the relationship of the advisor and the bank he finds himself in**

The advisor is expected to work closely with the bank in order to maximize the business opportunities afforded. Members of the bank staff such as the manager, sales consultants and tellers have a role to play in the business of the advisors. Bancassurance models with greater integration tend to be more successful (Chester; Painter-Eggers; Gopalan 2007).

Most respondents agreed that the advisor is considered part of the branch he works in. Most are invited to bank branch meetings regularly. There is a difference in response to the question whether or not the advisor attempts to be at every bank branch meeting. Most advisors (93.5%) felt that they attempt to be at every branch meeting but only 50% of management and 36.4% of broker

consultants agreed. The varied responses suggest inconsistencies in the perception of the advisors, broker consultants and management.

Most respondents feel that the bank staff have an interest in the role of the advisor in the bank, and are aware of the role he plays in the bank.

Bank staff need to be aware about the role of the advisor and be supportive of it. One way to achieve this is to ensure that they are adequately informed about the advisor's role. This could be achieved by providing training to bank staff on the offerings marketed by the advisor. Most broker consultants (81.8%) and managers (66.7%) feel that the bank staff requires more training. Of the advisors, 58.1% felt that members of the bank staff are adequately trained.

Training of the members of the bank staff should include how to generate leads for the advisor. Although 74.2% of advisors believe that the bank staff can do this effectively, only 16.7% of management believe this is done. The mixed view suggests that management believes that leads generation is not optimally performed.

Banks are finding it difficult to integrate the insurance business and the culture and operations of the bank business. It is challenging to equip and motivate bank staff to make referrals and bring in insurance business (Gjertsen 2001). For the advisor to leverage benefit from the bank staff, continuous education and training on his product offerings to the bank staff is required. An enlightened bank staff would add value to the business practice of the advisor.

The study by RGA and CF Efron Company LLC (2007) of common practice in South African banks shows that for the bancassurance distribution to be successful, senior management must play an important role. The quality of the relationships between the bank staff, the advisor and management can affect the sale of insurance products in the bank.

Most respondents (68.4%) believe that sales management meets regularly with bank managers and 59.5% believe that relationships have been built with bank staff. The percentages suggest that more can be done by management in this area.

Thomas (2005) suggests that in order to increase sales, banks and insurers need to develop co-branded products and services. It was found that clients will be more receptive to buying life insurance products if they know a life insurance company is manufacturing it. The response to the question on insurance branding in the bank showed that most respondents (64.6%) believed that there is insufficient branding. The bank should include life insurance as part of its financial offerings to its clientele. The literature review in chapter two provides sufficient argument that it is important for the bank to advertise that life insurance is one of the products it offers to clients.

#### **5.2.4 Business Processes: assess business processes in the sale of insurance products**

The sale of risk products is perceived to be a long and drawn out process.

A simplified sales process for the bank advisors is needed to drive risk sales. Banks and insurance companies need to look at making the sale of life insurance easier. Sales need to be simpler to make them quicker (Thomas 2005).

Most respondents (62%) felt that the sales process is time consuming. The sales process in risk sales involves completing medical questionnaires, ensuring the client goes to a doctor for a medical test, underwriting processes, and attending to counter-offer letters from the insurer. This occurs when the applicant's health is not good and a higher premium is offered to the client instead. Companies need to address making the sales processes as smooth as possible.

68.4% of all respondents believe that investment products are easier to sell and 16.5% are undecided. This supports the argument for a simplified process for the sale of risk products.

On the question of commission, more advisors agreed that the commission paid on risk products is greater than the commission paid on investments. This indicates that the sales of investment products rather than risk products are not driven by monetary considerations but by other factors.

Only 16.7% of the managers believed that the advisor consciously makes clients aware of risk products and 50% of managers were undecided. If compared to the responses from the advisors, 98.3% of the advisors believed that they do make clients aware of risk products.

Although the advisors believe that they make clients aware of risk products, the sales results do not confirm this. This suggests that the advisor's proposals to clients on risk products may not be of the same quality as his proposals on investment products. The results also suggest that management intervention is required to assist advisors in this regard. 40.5% of all respondents disagreed that they sell what clients want and not what they need. This suggests that the sales are transactional rather than consultative.

As most advisors perceive themselves as financial advisors rather than insurance salesmen, a comprehensive financial needs analysis is required. If this is done, transactions would be more consultative and a more appropriate product mix would be sold.

Most advisors believe that they run a good business even though only 50% of managers believe it is so. A good business practice ensures that clients are provided with holistic financial advice. The inconsistent product mix sold suggests that this is not the case.

### 5.3 Conclusion

The discussions in this chapter has focused on the results of the questionnaire. Some broad themes which may explain the unbalanced product mix of investment and risk products have emerged. These include the following:

- closer adherence to the FAIS Act, which requires comprehensive recording keeping and holistic advice
- ongoing training and education
- involving the bank in the business of the advisor
- management intervention in all aspects of the advisors' role function
- a simpler and streamlined business process
- co-branding the insurance partners in the bank to enable the bank to offer a comprehensive financial service to clients

The following chapter will focus on recommendations on the themes above.

## CHAPTER SIX

### RECOMMENDATIONS AND CONCLUSIONS

#### 6.1 Introduction

This study looked at a sample population of financial advisors, broker consultants and managers attached to Standard Bank in the greater KwaZulu Natal region. This chapter will look at recommendations and suggestions for future research.

The recommendations are based on the four objectives outlined in Chapter One of this study.

#### 6.2 Recommendations

##### 6.2.1 Objective 1: Compliance: To assess the impact of regulation on the business of the advisor

Closer adherence to the FAIS Act requires comprehensive recording keeping and holistic advice. Compliance is a major driver of sales in the current regulated environment. Closer supervision and adherence to compliance matters should result in more appropriate and holistic advice being provided.

A recommendation would be to build technology that forces the advisor to be compliant prior to his being paid for the services he has provided. This may take the form of following a computerized sales process which would ensure that prior to the closing of a sale, certain compliance aspects need to be completed. This may include the financial needs analysis, disclosure material, dates for an annual review and other matters.

This would ensure that the client is given appropriate advice after a comprehensive, compliant sales process is completed. Care must be taken to avoid unnecessary duplication of work on the part of the advisor as this may result in a frustrating sales process for both client and advisor. Unnecessary duplication may include providing the bank with similar compliant documents in addition to completing a technologically driven compliant sales process.

A further recommendation would be to tie in the technology to the bank's technology to ensure that duplication is avoided.

Another compliance related recommendation would be to use management to conduct regular audits on the advisors. This would ensure that compliance requirements such as keeping notes of conversations with the client are adhered to. By meeting regularly with advisors, management would be in a position to deal quickly with inefficiencies on the compliance side. Regular counselling sessions would assist the advisor in keeping his records in an organized manner.

#### **6.2.2 Objective 2: Training and Product Knowledge: To investigate the impact of training and product knowledge on the product mix offered to the client**

Training and ongoing education are required for a more balanced financial offering to be made to the client.

The majority of respondents do not believe that they receive ongoing refresher training. It is recommended that a regular training school is offered. The content of the training should include product information, compliance matters and sales related information.

The training should be monitored and evaluated for the quality of training, the content and the attendance. This monitoring should be jointly noted by both management and training providers.



Forums or mentorship programs may be used to bridge the knowledge and experience gap. More experienced advisors could have newer advisors “attached” to them so that expertise, knowledge and skills of experienced advisors could be transferred easily to these new advisors.

### **6.2.3 Objective 3: Integration with the Bank: To explore the relationship between the advisor and the bank he finds himself in**

It was found that the bank, the advisor and insurance companies are not fully integrated. There are many ways to achieve integration, including training the bank staff on life insurance matters, involving bank staff in the business of the advisor, incentivising bank staff, and consciously building relationships with bank staff.

The study found that advisors believe that bank staff are not adequately trained on the life insurance products that advisors market. Training on these aspects should be arranged for bank staff. Training can be provided by the advisor, the service provider, the bank personnel, or management.

It is clear that it is in the interests of the advisor to ensure that the members of the bank staff are trained on his products, as they will generate the leads for his business. The advisor may negotiate with the product supplier to assist him in this regard. Care should be taken that the advisor does not abdicate his responsibility to monitor the training and development of bank staff.

### **Co-branding the insurance aspect of providing a financial service in the bank**

There is insufficient branding for life insurance products and companies in the bank. There may be marketing opportunities lost on clients who are unaware that life insurance can be purchased at the bank. A recommendation would be to advertise the product partner in the bank. A further recommendation would be to advertise the product offerings of the financial advisor among the list

of bank product offerings. This may be included among the marketing brochures displayed at all bank branches.

This recommendation may require the intervention of senior or executive management as its implementation will have implications for all banks nationally.

#### **6.2.4 Objective 4: Business Processes: assess business processes in the sale of insurance products**

In addition to using technology in making the sales process compliant, technology may also be investigated to make the business process simpler.

Some factors that impact on business processes include underwriting, obtaining medicals from clients, ensuring the client visits the doctor for a medical examination, going to a laboratory to provide a blood sample, and, if required, getting the client to agree on increased premiums if his health is sub-standard.

A recommendation would be to appoint a specialist to obtain medical information from the client. *This specialist may be a qualified nurse or doctor. This will eliminate the need for the advisor to do this and it will remove the possibility of the client providing medical information which may be misunderstood by someone other than a medical professional.*

An automated underwriting system could be established. It could pick up basic information on the clients' health and automatically provide the advisor with an answer immediately as to whether the client is insurable or if further medicals need to be taken.

The contracting of a mobile nurse to take blood samples is another recommendation. The nurse would go to the client's place of work at the client's convenience to obtain a blood sample. This is currently being practiced by many of the large life insurance companies.

The use of a mobile doctor would eliminate the need for the client to take time off work to go to a doctor for specialized medical tests. This may prove to be a costly initiative.

### **6.3 Other recommendations**

In addition to the recommendations that have arisen from the investigation of the objectives of the study, other recommendations have emerged serendipitously.

#### **6.3.1 Segmentation**

The sales force may be segmented into specialist risk and investment advisors. A bank therefore may have two advisors who work as a team in providing holistic advice to a common client.

#### **6.3.2 Management intervention in all aspects of the advisors role function**

The involvement of management was not an objective but emerged as a possible driver to play a role in ensuring the advisor provides a more holistic product offering. The role of management in influencing the product mix is discussed in the literature review in Chapter Two.

A recommendation would be the implementation of more management training related to sales skills, monitoring, compliance, and entrepreneurship. This would empower management to monitor and develop sales teams effectively.

Regular meetings of sales management and bank staff at the bank should become a regular feature and part of management deliverables.

A best management practice document needs to be created to guide managers on their deliverables and their core functions. This will inform their behaviour in managing advisors. This document should be based on best practice of successful sales managers in the insurance industry.

#### **6.4 Implementation Strategy**

An implementation grid (Table 6.1) is recommended to provide guidance on the implementation strategy. These recommendations address the objectives of the study.

| Recommendation                                    | Details  | Priority | Date of Implementation                  | Key decision maker                                      | Approximate Duration of Implementation |
|---|--|----------|---|---|--|
| 1. Audits for Compliance<br>(Objective 1)         | Regular dates to be set up with advisors                           | High     | Immediate                               | Director of Sales at Standard Bank and Provincial Heads | Ongoing                                |
| 2. Training<br>(Objective 2)                      | Risk training academy  | High     | Immediate                               | Provincial Heads  | Ongoing                                |
| 3. Integrating with the bank<br>(Objective 3)     | Incentives and Training for bank staff                             | Medium   | Third quarter 2008                      | Provincial Heads and bank branch managers               | Ongoing                                |
| 4. Co Branding<br>(Objective 3)                   | Advertise life insurance as part of the bank's financial offerings | Low      | End 2009                                | CEO of Standard Bank                                    | Ongoing                                |
| 5. Technology<br>(Objective 4)                    | Develop a compliant sales process using an electronic medium       | Medium   | Begin development in third quarter 2008 | Director of Sales at Standard Bank                      | Six months                             |
| 6. Tele-underwriting<br>(Objective 4)             | Professional to ask clients for medical details                    | High     | Immediate                               | Director of Sales at Standard Bank                      | Ongoing                                |
| 7. Automated underwriting<br>(Objective 4)        | Use technology to underwrite                                       | Medium   | Early 2009                              | Product providers<br>Chief Medical Officer              | Ongoing                                |
| 8. Mobile Nurse/Doctor<br>(Objective 4)           | Obtain blood samples for clients at their place of work            | High     | Immediate                               | Product providers<br>Chief Medical Officer              | Ongoing                                |
| 9. Management development<br>(Other objective)    | Creating a best practice document for management                   | High     | Begin development in third quarter 2008 | Director of Sales at Standard Bank                      | Twelve months                          |
| 10. Segmentation of advisors<br>(Other objective) | Appoint specialist risk and investment advisors in each branch     | Low      | Mid 2009                                | Director of Sales at Standard Bank                      | Ongoing                                |

Table 6.1 Implementation Grid

## 6.5 Suggestions for Future Studies

The discussion of results in Chapter Five and the literature review in Chapter Two have created opportunities for further study. The suggested areas for future study are:

- An investigation of the correlations of relationships between bank staff and advisors, and an evaluation of the success of business generated from such relationships.
- The influence of best management practices on the product mix sold by bank financial advisors.

## 6.6 Conclusion

The study was a detailed investigation into the unbalanced product mix sold by financial advisors in the bancassurance distribution. An in-depth review of local and international literature provided reasons for this and informed the objectives of the study which are outlined in chapter one.

The findings of this study suggest that the objectives listed in Chapter One play a role in determining the product mix sold by financial advisors at Standard Bank. The situation in other South African banks is likely to be similar. In order for financial advisors at Standard Bank to provide holistic financial planning, a balanced product mix needs to be offered to the client.

This study analysed the responses of advisors, broker consultants and managers to a number of normative statements relating to bancassurance. The views of the broker consultants and managers were compared with those of the advisors. The similarities and differences in the responses have been analyzed and interpreted in Chapters Four and Five.

Opportunities for future studies in the bancassurance environment have been highlighted. These studies may provide more insight into the influence of relationships on sales by financial advisors in the bank as well as insight into the influence of management on these advisors.

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This chapter has highlighted recommendations that need to be implemented to address the need for a more balanced product mix in bancassurance sales. The success of the recommendations lies in the implementation. The implementation grid provides a time frame as a guide to implement these recommendations.











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### **INTERNET 1**

<http://www.absa.co.za/>

### **INTERNET 2**

<http://www.aci.co.za/>

### **INTERNET 3**

<https://www.blueprintonline.co.za/>

### **INTERNET 4**

<http://www.dobney.com/Research/>

### **INTERNET 5**

<https://www.fnb.co.za/>

**APPENDIX 1**

**UNIVERSITY OF KWAZULU-NATAL  
GRADUATE SCHOOL OF BUSINESS**

**MBA Research Project**

**Researcher:** Sundresan Moodley (083 275 4954)

**Supervisor:** Dr Abdul Kader (0829010225)

**Standard Bank Financial Advisors Survey**

This purpose of this survey is to solicit information from you regarding your role as a financial advisor with SBFC. The information and ratings you provide us will go a long way in helping us identify ways to increase business opportunities, apply corrective measure where necessary, identify training needs, and provide data for the bancassurance industry. The questionnaire should take no more than 15 minutes to complete. In this questionnaire, you are asked to indicate what is true for you, so there are no “right” or “wrong” answers to any question. Work as rapidly as you can. If you wish to make a comment please write it directly on the booklet itself. Make sure not to skip any questions. Thank you for participating!

**Background Information**

1. Your age is \_\_\_\_\_ years
2. Are you \_\_\_\_\_ male \_\_\_\_\_ female?
3. Do you have formal education beyond secondary/high school? \_\_\_\_\_
4. Tick the qualifications you have:

|       |      |      |     |                       |                                   |
|-------|------|------|-----|-----------------------|-----------------------------------|
| RFP 1 | RFP2 | RFP3 | CFP | Degree (BA, BCom etc) | Masters Degree e.g. MCom; MBA etc |
|-------|------|------|-----|-----------------------|-----------------------------------|

5. What is your highest academic/professional qualification e.g. Matric, CFP; RFP2; BA etc?  
\_\_\_\_\_
6. For how many years have you been employed at SBFC as a financial advisor? \_\_\_\_\_
7. Your gross annual income for 2007 was:

|          |                    |                      |                      |                      |           |
|----------|--------------------|----------------------|----------------------|----------------------|-----------|
| <100 000 | 100 000-<br>200000 | 200 001 –<br>300 000 | 300 000 –<br>400 000 | 400 000 –<br>500 000 | > 500 000 |
|----------|--------------------|----------------------|----------------------|----------------------|-----------|

8. Please rank your main organizational function from 1 to 4 with ONE (1) being the most important to your job and 4 being the least important to your job):

- \_\_\_\_\_ Administration
- \_\_\_\_\_ Marketing
- \_\_\_\_\_ Production
- \_\_\_\_\_ Other (Please specify): \_\_\_\_\_

**Quantitative Research questions:**

**A. COMPLIANCE**

1. A disclosure letter is provided to your client outlining your designation as a financial advisor.

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

2. The remuneration method for financial advisors is disclosed to the client.

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

3. Details of the client's assets and liabilities are collected.

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

4. The advisor makes every attempt to obtain the client's financial goals or objectives .

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

5. A detailed financial needs analysis is conducted for every client.

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

6. Any financial shortfalls uncovered from the financial needs analysis is discussed with the client.

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

7. The advisor conducts a risk profile analysis on all his clients.

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

8. The advisor explains the details of the product recommended to the client.

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

9. The advisor and the client agree to a future date (no longer than twelve months) for a review of their financial situation.

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

10. The advisor always acts ethically in the best interests of the client.

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

11. You have read the FAIS code of conduct and are familiar with its contents.

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

12. The advisor is informed of non compliant sales by management.

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

13. Management provides counseling to the advisor on all non compliant sales.

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

14. Following the counseling, corrective measures are applied to future sales.

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

15. All client's files in the advisor's office are neat and well organized.

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

16. Detailed notes of all conversations with clients are kept in the client's file.

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

17. Do you check with your clients if they are satisfied with the service you are providing.

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

18. A checklist is used for every case to ensure that nothing falls through the cracks.

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

**B. TRAINING AND PRODUCT KNOWLEDGE.**

**Please answer YES or NO or UNDECIDED (U)**

1. The advisor is given adequate training on life, disability and dread disease products. \_\_\_\_\_
  2. The advisor is given adequate training on endowment and retirement annuity products. \_\_\_\_\_
  3. The advisor is given adequate training on unit trust products. \_\_\_\_\_
  4. Refresher training is provided at least every 3 months on:
    - a. Life, disability, dread disease (Risk products) \_\_\_\_\_
    - b. Endowments and retirement annuities(Investments products) \_\_\_\_\_
    - c. Unit trusts (Investments products) \_\_\_\_\_
  5. Life insurance products (risk) remain the same for longer than 2 years \_\_\_\_\_
  6. Life insurance products (risk) are complex \_\_\_\_\_
  7. Investment products remain relatively unchanged for at least 2 years \_\_\_\_\_
  8. Investment products are complex \_\_\_\_\_
  9. Is training requested (on specific products or needs) from:
    - a. Management \_\_\_\_\_
    - b. Product providers \_\_\_\_\_
  10. Adequate sales training is provided by management \_\_\_\_\_
  11. Further training is requires on:
    - a. Sales techniques \_\_\_\_\_
    - b. Financial needs analysis \_\_\_\_\_
    - c. Compliance \_\_\_\_\_
  12. Management intervention is required:
    - a. For compliance procedures \_\_\_\_\_
    - b. For sales growth strategies \_\_\_\_\_
    - c. Personal growth and development \_\_\_\_\_
    - d. Business growth and development \_\_\_\_\_
11. Adequate compliance training has been provided to you. \_\_\_\_\_

**C. INTEGRATING WITH THE BANK**

**Please answer YES (Y) or NO (N) or UNDECIDED (U)**

1. The advisor is considered part of the bank branch he work in \_\_\_\_\_
2. The advisor is invited bank branch meetings on a regular basis \_\_\_\_\_
3. The advisor attempts to be at every bank branch meeting \_\_\_\_\_
4. Bank staff has an interest in the role of the advisor at the bank \_\_\_\_\_
5. The bank staff is aware of the role of the advisor in the bank \_\_\_\_\_
6. Strong relationships have been built with the bank manager \_\_\_\_\_
7. Strong relationships have been built with bank staff \_\_\_\_\_
8. Bank staff is trained on the products marketed by the advisor \_\_\_\_\_
9. Bank staff is trained on generating leads for your business \_\_\_\_\_
10. SBFC Management meets regularly with bank managers \_\_\_\_\_
11. SBFC Management have built relationships with bank staff \_\_\_\_\_
12. There is sufficient branding for life insurance within the bank \_\_\_\_\_

**D. BUSINESS PROCESS. Please fill in the appropriate letter in the spaces provided.**

1. The sale of risk products is time consuming

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

2. The underwriting process is time consuming

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

3. The underwriting process in risk sales is fully understood by the advisor

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

4. Investment products are easy to sell

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

5. The commission paid on investment products is more attractive than risk products

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

6. The commission paid on risk products is more attractive than investment products

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

7. The advisor consciously makes clients aware of risk products

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

8. The advisor consciously makes clients aware of investment products

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

9. The advisor sells what the client wants – not what he needs.

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

10. The advisor is perceived as an investment specialist by clients

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

11. The advisor is perceived as an insurance salesman by clients

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

12. The advisor is perceived as a financial advisor by clients

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

13. In the running of your practice, clear business goals and objectives have been identified

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

14. The advisor has a clearly identified target market

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

15. The advisor has a client profile that represents the target market he chooses to work in

|                |       |           |          |                   |
|----------------|-------|-----------|----------|-------------------|
| Strongly agree | Agree | Undecided | Disagree | Strongly disagree |
|----------------|-------|-----------|----------|-------------------|

**End of the Questionnaire**

**Thank you for taking the time to complete the questionnaire.**



## Appendix 2

### The Standard Bank of South Africa

Standard Bank is a South African-based financial services company that has a global presence. The group has a wide representation which spans 18 African countries and 20 countries outside of Africa with an emerging markets focus (Internet 10).

Standard Bank Group is one of the big four South African banks. The group operates in a range of banking and related financial services. Standard Bank has 713 branches in South Africa and 240 in the rest of Africa. The group, as at 30 June 2007, employed more than 46 000 people worldwide.

Headline earnings contributed by business units are as follows:

- Personal and Business Banking 43% (June 2006: 42%)
- Corporate and Investment Banking 51% (June 2006: 47%)
- Central and other (2%) (June 2006: 4%)
- Liberty Life 8% (June 2006: 7%) (this is insurance business)

(Internet 9)

Standard Bank owns 58% of Liberty Holdings, which owns 50% of Liberty Life. This structure allows Standard Bank to control Liberty Life even though it indirectly owns only 32% of the company (Rose 2008).

On the 27 May 2008, the Standard Bank Group Limited board announced its firm intention to make an offer to acquire the remaining 40.83% of the issued ordinary capital of Liberty Holdings Limited ('Holdings'), which Standard Bank already owns. If the offer is accepted in full, Standard Bank will own 100% of Holdings and will therefore have an effective economic interest in Liberty Group Limited of 53% (Internet 12).

The deal would also increase the bank's profit from 7% to 11% (Rose 2008).

### Appendix 3

#### **Nedbank**

Nedbank Group Limited is a bank holding company, which operates as one of the four largest banking groups in South Africa through its main banking subsidiaries, Nedbank Limited and Imperial Bank Limited, in which it has a 50,1% interest. The company's ordinary shares have been listed on the JSE Limited since 1969.

The group offers a wide range of wholesale and retail banking services through three main business clusters: Nedbank Corporate; Nedbank Capital; and Nedbank Retail.

Nedbank Group focuses on southern Africa, with the group positioned to be a bank for all from a retail and a wholesale banking perspective. The principal services offered by the group are corporate and retail banking, property finance, investment banking, private banking, foreign exchange and securities trading. Nedbank Group also generates income from private equity, credit card acquiring and processing services, custodial services, collective investments, trust administration, asset management services and bancassurance. Bancassurance is part of Nedbank's retail cluster. (Internet 7).

There are 441 conventional branches in South Africa with about 24 034 employees (preliminary financial results for the year ended December 2007).

## Appendix 4

### **Amalgamated Banks of South Africa (ABSA)**

According to ABSA's official website, (Internet 1) the Amalgamated Banks of South Africa Limited (ABSA) was formed in 1991 through the merger of UBS Holdings, the Allied and Volkskas Groups, and certain interests of the Sage Group.

ABSA Group Limited is among South Africa's largest financial services organisations, serving personal, commercial and corporate customers in South Africa.

The Group interacts with its customers through a combination of physical and electronic channels, offering a comprehensive range of banking services, bancassurance and wealth management products and services.

ABSA's business is conducted primarily in South Africa. In addition, the Group has equity holdings in banks in Mozambique, Angola and Tanzania. At 31 December 2007, ABSA had 9 million customers, and 36 893 permanent employees.

ABSA employs a customer-centric business model with business units serving specific market segments. The Group interacts with its customers through a combination of physical and electronic channels.

ABSA became a subsidiary of Barclays Bank PLC on 27 July 2005, when Barclays acquired a controlling stake in the ABSA Group. Barclays is a major financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services (Internet 1).

ABSA's profit contribution by business area in the year ended 31 December 2007 is as follows:

- Retail banking: 49.1%
- ABSA Corporate and Business bank: 18.6%

- ABSA Capital: 16.8%
- Africa operations: 1%
- Bancassurance: 14.5%

(ABSA Group's financial results ending December 2007)

(Internet 1)

## Appendix 5

### **First National Bank (FNB)**

First National Bank is part of FirstRand Bank Limited. FirstRand Bank Limited is a wholly owned subsidiary of FirstRand Limited, and has a number of its own divisions, which include Rand Merchant Bank, FNB, WesBank, OUTsurance, and First Link (Internet 5).

FirstRand was created in April 1998 through the merger of the financial service interests of Anglo American Corporation of South Africa Limited (AAC) and RMB Holdings Limited (RMBH). It has 766 retail branches nationally. The group has about 42 000 employees in its employ (Internet 5).

FNB is structured into five large segments: mass and support, the consumer segment, the wealth segment, the commercial segment, and the corporate segment. FNB Life distributes insurance products mainly in the mass and support segment (First Rand Banking Group Financial report 2007) (Internet 5).

Appendix 6

UNIVERSITY OF KWAZULU-NATAL  
GRADUATE SCHOOL OF BUSINESS

Template for cover letter for surveys to provide informed consent.

Dear Respondent,

**MBA Research Project**  
**Researcher:** Sundresan Moodley (031 5666287)  
**Supervisor:** Dr Abdul Kader (031 203 9100)

I am Sundresan Moodley, a graduate student, reading MBA at the Graduate School of Business, UKZN. I am inviting you to participate in a research project to study the product mix of insurance sales among Standard Bank financial advisors in the greater Durban area. Along with this letter is a survey or questionnaire that asks a variety of questions about your role as a financial advisor at Standard Bank. I am asking you to look over the questionnaire and, if you choose to do so, complete it and give it back to me.


The results of this project will be beneficial to all financial advisors and banks in South Africa. Through your participation I hope to understand why the mix of insurance products sold is not consistent. I hope that the results of the survey will be useful for you, your future business, and the bank and I hope to share my results by *[publishing them in a peer-reviewed journal]*.

I do not know of any risks to you if you decide to participate in this survey and I guarantee that your responses will not be identified with you personally. Your participation in this project is voluntary or optional. You can refuse to participate or withdraw from the project at any time with no negative consequence. I promise not to share any information that identifies you with anyone outside my research group which consists of me *[and my supervisor]*. *[You should not put your name or any identifier on the questionnaire]*. Confidentiality and anonymity of records identifying you as a participant will be maintained for many years by the Graduate School of Business, UKZN.

The survey should take you about 15 minutes to complete. I hope you will take the time to complete this questionnaire or survey and return it.

If you have any questions or concerns about completing the questionnaire or about being in this study, you may contact me or my supervisor on the numbers listed above. This project has been approved by the Ethics Clearance Committee at The University of KwaZulu-Natal.

I have permission from the Provincial Head of Standard Bank Financial Consultants to conduct this study.

  
R. Nienaber  
Provincial Head - KZN  
SBFC

Date: *28<sup>th</sup> March 2008.*

**CONSENT**

I have read and understand the above information. I have received a copy of this form. I agree to participate in this study.

Participant's signature \_\_\_\_\_ Date \_\_\_\_\_

Investigator's signature  \_\_\_\_\_ Date *28/03/2008*

Sincerely

Sundresan Moodley



RESEARCH OFFICE (GOBAN MBEKI CENTRE)  
WESTVILLE CAMPUS  
TELEPHONE NO.: 031 – 2603587  
EMAIL: ximbap@ukzn.ac.za

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21 APRIL 2008

MR. S MOODLEY (206510511)  
GRADUATE SCHOOL OF BUSINESS

Dear Mr. Moodley

**ETHICAL CLEARANCE APPROVAL NUMBER: HSS/0101/08M**

I wish to confirm that ethical clearance has been approved for the following project:

**“The product mix of insurance sales among Standard Bank Financial Services Advisors in the greater Durban Area – A management perspective”**

PLEASE NOTE: Research data should be securely stored in the school/department for a period of 5 years

Yours faithfully

*Ximba*

.....  
**MS. PHUMELELE XIMBA**

cc. Supervisor (Dr. A Kader)  
cc. Christel Haddon