Evolution of the bancassurance concept: banking and insurance associations

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Abstract

This article intends to discuss the determinants of the evolution of banking-insurance relations in the global dimension. The simultaneous complementarity and substitutability of the offer of banking and insurance services in business practice led to a tendency to integrate the activities of banks and insurance companies in search of new distribution channels, such as bancassurance. Hence, the aim of the article is an attempt to present the genesis, historical adaptation, definition, and the essence of the bancassurance concept. The basic question that guides the considerations here relates to the symmetry of development, namely: has the phenomenon of integration of financial institutions under the bancassurance concept developed at the same pace and adopted the same paradigm in each country? To achieve this goal, the literature on the subject and intranet resources from the canon of the financial market were used. The background of the analysis is the experience of countries around the world where the idea of banking and insurance interactions was found.

Moreover, the article discusses the determinants, models, and forms of bancassurance, as well as indicates the epicenter of its practices and presents the phases (periods) of its development. Moreover, the problem of the lack of uniform and commonly used in the literature on the subject as well as in the economic practice of defining the concepts of banking and insurance connections was analyzed.

Introduction[1]

Insurance supports the development and protects people's property and lives. Therefore, it constitutes an important element of the economy, and it is very difficult to overestimate, as it aims to mitigate the negative effects of random events that result from objectively occurring threats, i.e., risks. Naturally, not for free and under certain conditions, which reflects their nature. On the other hand, the very essence of insurance is based on the observation that the group of individuals who are threatened with the negative consequences of random events is wider than the group of individuals for whom this risk will materialize. Thus, their mechanism, on the one hand, means that customers who pay the insurance premium finance this risk, and those customers who pay relatively small payments receive financial compensation for even relatively large random damages. Therefore, insurance companies are institutions of public trust.

Insurance has undergone many changes, both in terms of quantity and quality. There have appeared, among others: new risks, insurance services, methods of their assessment, or ways of managing them. Moreover, the changing conditions of the insurance company environment, including the growing needs, expectations, awareness, or the wealth of customers, imply the need to offer such insurance services, from among which the customer will be able to choose the best offer for himself ("tailored to his needs and financial possibilities). ") [cf. Pacholarz, 2019, p. 8]. At the same time, the accompanying free flow of capital between the various sectors of the financial market contributed to the tightening of banking and insurance activities. The reason for this was the search for new, effective development opportunities.

The cooperation of banks and insurance companies facilitated their increasing integration and the results of this are new offers, innovations, new methods of service distribution [cf. Yip, Bocken, 2019, pp. 150-169]. In practice, this means that the model – that allows for the comprehensive settlement of his case in one place is needed, an example of which is – bancassurance.

Within bancassurance services, due to the intangible nature of insurance, innovative solutions cannot be patented. Hence, the copying and imitation of innovative solutions by competitors shorten the life cycle of innovation in the service offer. Moreover, bancassurance is, inter alia, an "abstract service", non-visual (due to insurance protection), and belongs to the group of pre-payment services (the customer buys a promise to provide a given service, which means that its consumption is not certain). It seems that currently "in the fight" for acquiring new customers, while maintaining insurance services present on the saturated market, non-price factors, i.e. the level and quality of the service provided under the bancassurance offer, play a key *role*. Furthermore, the insurance company must take care of the financial security of its clients so as not to undermine the fundamental principle of the feasibility of insurance protection by its actions.

The issue of bancassurance seems above all topical, as it concerns the integration of the banking and insurance sectors. Therefore, this article intends to discuss the determinants of the evolution of banking and insurance interactions in the global dimension. The simultaneous complementarity and substitutability of the offer of banking and insurance services in business practice result in a tendency to integrate the activities of banks and insurance companies in order to search for new distribution channels, such as bancassurance. Hence, the aim of the article is an at-

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tempt to present the genesis, historical adaptation as well as the definition and essence of the bancassurance concept. The basic question that guides the considerations here relates to the symmetry of development, namely: *whether the phenomenon of integration of financial institutions under the bancassurance concept developed at the same pace and adopted the same paradigm in each country?* To achieve this goal, the literature on the subject and intranet resources from the canon of the financial market were used. The background of the analysis is the experience of countries around the world where the idea of banking and insurance interactions was found. Furthermore, the article discusses the determinants, models, and forms of bancassurance, as well as indicates the epicenter of its practices and presents the phases (periods) of its development. Moreover, the problem of the lack of uniform and commonly used in the literature and economic practice definitions of the concepts of banking-insurance links was analyzed.

The genesis and historical evolution of bancassurance

Changes that take place in the modern economy (e.g. deregulation; liberalization; increase in concentration processes, including, above all, globalization processes and internationalization; technological progress; technological development; preferences, expectations, and requirements of societies) have an impact on the situation on the financial market[2]. It is also accompanied by the free flow of capital between individual sectors of the financial market. As a result, a growing number of strategic alliances, mergers, acquisitions, between or within these sectors can be seen [Bitz, 1996, p. 22]. In economic practice, these structural changes became more and more dynamic, and finally, the concept of combining various functions of financial market entities became common [Gajdek, 2016, p. 18].

The activities of insurance companies and banks overlap in practice. On the one hand, the offers of these entities complement each other (e.g. assignment of an insurance policy is a commonly recognized form of loan security), while on the other hand, they are substitutable (e.g., life insurance and long-term bank deposit) [Swacha-Lech, 2008, p.7]. This complementarity and substitutability of the offer of banking and insurance services resulted in practice in the tendency to integrate both entities [Swacha-Lech, 2004, pp. 15-19] to search for new distribution channels. An example of an integrated form of offering banking and insurance services at the same time is bancassurance.

The history of cooperation between banking and insurance unions can be found in the so-called maritime loan, which took place already in antiquity. Its repayment took place only after the successful completion of the sea expedition. Otherwise, the loan amount or its part was a form of compensation for the loss suffered [Grzebieniak, 2005, www.gu.com.pl/index.php, updated: November 22, 2020].

Also, according to O. Kowalewski [www.gu.com.pl/ index.php?_content&view, updated: November 21, 2020], the first banking and insurance links should be found in maritime loans that were used in the Republic of Venice in the XII century. Maritime loans were combined

with economic risk insurance. In practice, this business model involved investors granting loans to merchants to purchase goods. The repayment of the loan, with interest (risk fee that the merchant was obliged to pay to investors on a successful transaction), was made after the goods arrived successfully at the port of destination.

In the event of a merchant ship sinking or robbery, the merchant would receive funds from investors to be able to purchase goods again. At that time, security, with respect to modern times, had the characteristics of economic and financial insurance. This integration of credit activity with insurance activity related to maritime trade is a kind of form of banking and insurance service (product). With the collapse of Italian cities, this activity was reduced, resulting in a strong specialization of these two sectors.

The first modern example of the strategy of combining banking and insurance services is to be found in the distribution of insurance by the German Sparkasse in 1778 [Ratowska-Dziobak, 2011, p. 56]. In the 19th century, attempts to combine banking and insurance services also took place in Switzerland (Basler Handelsbank and Bank Helvetia established the Rentenanstalt life insurance company [www.gu.com.pl/index.php?option=co..., updated: November 22, 2020]) in Belgium (CGER – Caisse générale d 'épargne et de retraite – in 1860 the first (registered) bancassurance settlement took place), in Spain (Caixa of Barcelona) and France (CNP – Caisse Nationale de Prévoyance Assurances) [Lisowski, Jaworski, Ryć, 2000, p. 181]. Subsequently, these relationships also began to spread in the countries of the Mediterranean Basin (Italy, Greece) and other European countries, mainly in Portugal, Ireland, Luxembourg, and in the Scandinavian countries [Pawelec, p. 9 in: www.docplayer.pl/4352482-Bancassurance-wspolpraca-zakladow-ubbezpieczen-i-bankkow, updated: October 17, 2020] and in Asia, especially in India.

However, in the United States in 1908, the first bank-insurance group was established (Savings Bank Life Insurance), which was motivated by the intention to reduce the price of insurance services and reach a wider range of customers through their distribution within the banking services [Kowalewski, 2003, www. gu.com.pl/ index.option=com_con, updated on October 12, 2020].

However, the financial crises of the 1920s and the accompanying legal restrictions slowed down the process of

2 Financial market – a market on which in a given economy the exchange of capital and credit is carried out, enabling the intersector flow of funds, enabling entities with a temporary deficit to obtain funds for a period of time, and entities with free funds – for their favorable temporary management [Ancyparowicz, 2013, p. 18 -33]. This means that the participants of the financial market are, on the one hand, entities needing capital (creating demand), and on the other hand, they are entities with financial surpluses (creating capital supply) – which implies an increase in the efficiency of resource use in the economy. Therefore, the financial market is an indispensable element of the efficient functioning of the economy, as it mobilizes capital, thanks to which it enables financial support for economic entities, stimulating their development [Marszałek, Sekuła, 2015, p. 57].

integration of banking and insurance groups both in the United States and in Europe.

After another period of break, the concept of integrating banks and insurance companies was revived in the 1960s in Europe. It was then that British banks started offering their clients life insurance services. The first one was Barclays Bank in 1965, which set up the Barclays Life insurance company for this purpose. Probably for this reason, from a purely historical point of view, the British are considered to be the pioneers of the activity of banking and insurance unions (bancassurance).

The newly revived idea of cooperation between banks and insurance companies was quickly adopted by French banks in the late 1960s. The consequent success of bank-insurance linkages resulted in the term bancassurance being used to describe the combination of banking and insurance activities to this day. Consequently, Europe has become known as the epicenter of bancassurance practices.

However, earlier, in order to define the phenomenon of cooperation between banks and insurance companies, the German term "allfinanz" (Figure 1) was used, which meant "everything from one source" (German *Alles aus einer Hand*) [Pajewska, 2000, p. 360

Nowadays, the issue of bancassurance is manifested in the lack of uniform, commonly used in the literature on the subject, definitions of concepts regarding this type of cooperation, despite the forty-year tradition of the phenomenon of integration of financial institutions [Swacha-Lech, 2008, p. 11]. In addition to the terms bancassurance and allfinanz, both in theory and practice, we can also find other terms, such as:

1) *Assurbanking* – this term denotes the phenomenon where the insurance company plays a decisive role in cooperation with the bank [Grygutis, 2002, p. 76];

2) *Assurfinance* – refers to a situation where an insurance company provides its clients with additional services, other than insurance [Śliperski, 1999, p. 38];

3) *financial services* – the English-language equivalent of bancassurance and *financial convergence*, as the English-language term equated with allfinanze [Swacha-Lech, 2008, p. 11];

4) *finanzial service industry* – in Anglo-Saxon countries, while the banking and insurance group – in Poland, as equivalents of bancassurance and allfinanz [Kowalewski, 1999, p. 43];

5) *insurance banking as* an equivalent of bancassurance and *bank insuranceas* an equivalent of the term assurfinance [Pajewska, 2000, pp. 361-362].

All the above-mentioned terms refer to the integration of "production" and the distribution of many different financial services offered to individual and institutional clients [cf. Pajewska, 2000, p. 360].

To understand how the concept of bancassurance has evolved, it is worth considering the study by the French author JP Daniel [1995], who formulated three phases (periods) of bancassurance development in his studies. This study not only provides an analysis of the evolution of bancassurance but also reflects how the concept of bancassurance has evolved. The author based his considerations on the French market with regards to European countries, which is worth mentioning, since France, as stated above, was the main proponent of the bancassurance concept.

The first period highlighted by the author concerns the years up to 1980 when banks granted insurance guarantees. They were a direct extension of banking activities and were not related to life insurance. This approach did not consider loan insurance as bancassurance, which is why the author decided that these were the years when banks gained educational experience in this field and did not distribute insurance.

After 1980, JP Daniel distinguished a second phase where bancassurance became a permanent element of financial systems in most industrialized countries. This was since the banking market started to distribute savings products, linked with life insurance, including tax benefits taking into account tax benefits [Florek, 2017, p. 43].

The third period identified as pivotal in the development of bancassurance by J.P. Daniel was the late 1980s. Insurance services provided by banks during this period were diversified, not only in the category of life insurance but also for general insurance [Genetay, Molyneux, 1998, pp. 10-11]. Hence, banks began to see the benefits of synergies with insurance activities. This was reflected in the introduced innovations, which began to increasingly meet the needs of customers [cf. Nanda, Bho, Misra, 2020, p. 17]. As a result, the late 1980s and early 1990s were a period of extremely dynamic development of bancassurance activities.[Grzebieniak, 2005, www.gu.com.pl/index.ph ..., updated: 11/11/2020]. It was also at this time that the beginning of bancassurance operations in Poland was recorded. [Malinowski, 2011, p. 141].

The positive results of cooperation between banks and insurance companies contributed to their ever greater integration. As a result of these connections, banks were more and more willing to extend their offer with new insurance products. It can be assumed that the end of the 1980s has become the actual date of the intensive development of bancassurance around the world.

It is impossible not to pay attention to regulatory barriers between banking and insurance activities which are reduced by creating a bancassurance-friendly climate. The regulatory barriers between the business of banking and the business of insurance cannot be neglected at this point as they were reduced by creating a bancassurance-friendly climate. It is worth adding that the scope of deregulation of the financial system, and the retention of certain legal provisions in individual countries have contributed to the emergence of diverse forms of bancassurance. That is why bancassurance developed at an unusual pace and adopted various shapes and forms, which were also determined by the demographics or economy of a given country [cf. Swacha-Lech, 200, pp. 41-104], and above all the needs and expectations of customers [cf. Choudhury, Singh, Kajol, Rai, 2020, pp. 30-47].

The integration of banks and insurance companies contributed to the so-called phenomenon of demand synergy, i.e., a situation in which the demand for one type of service results in the need to acquire other – often complementary

– services [Pajewska, 2000, p. 361; Sadecki, 2010, pp. 40-41].

The definition and essence of bancassurance

There are many definitions of bancassurance in the literature on the subject. M. Śliperski [2001, p. 7] defines bancassurance as the use of a bank's facilities, services, customers to sell insurance, mainly life and pension insurance, with an offer primarily for retail and individual clients. In turn, M. Swacha-Lech [2008, p. 12] defines bancassurance as an action strategy undertaken by banks and insurance companies, covering the following types of links between these institutions:

subjective relationships in which the bank is the dominant party;

objective relationships where the bank engages its distribution channels to sell or promote insurance products.

According to A. Messyasz-Handschke [2002, pp. 50-62], this activity is one-sided (the insurer distributes its products in the banking network) or two-sided (mutual provision of the above-mentioned services).

As defined by Investopedia US, A Division of IAC [cf. www.investopedia.com/term ..., updated: November 28, 2020] the term bancassurance means is a partnership between a bank and an insurance company, whereby the insurance company is allowed to sell its products to the bank's clients. Such an arrangement may be beneficial for both companies and banks. Banks can earn additional income by distributing insurance products, and insurance companies can expand their customer base without having to support the distribution system or pay commissions to insurance agents or brokers. A different way of defining the term bancassurance is presented in the London South East financial dictionary [cf. www.lse.co.uk/financeglossary .asp?searchTerm=&iArticleID=37 ..., updated: November 29, 2020], where bancassurance should be understood as an institutional combination of insurance and banking activities in the financial environment, whose offer includes a unique deposit and credit products, e.g. loans, deposits, accounts, transfers. This connection depends on many economic and political factors in the field of legal regulations, economic policy of the state, economic situation, market position, and capital strength of the enterprise. Similarly, this concept was defined by P. Chang, J. Peng and Ch. Ku Fan [2011, p. 76-93]. According to these authors, bancassurance should be understood as a method or a specific way of distributing insurance products by banking institutions.

Bancassurance can also be defined through innovation, mainly in the financial and technological area. Liberalization has led to the intensification of competition, manifested in the emergence of new suppliers of financial products and services into the markets, and thus the creation of sustainable institutions that are ready to compete with banks. Innovative solutions are sought, bringing lasting economic and financial benefits. This is enhanced by the awareness of the links that exist between insurance and banking services [more in: Mrozowska, 2012, pp. 30-34; Szafrańska, 2019, pp. 394-403].

The analysis of the above definitions leads to the conclusion that the *essence of bancassurance is to improve the quality of services provided by financial markets in order to increase the effectiveness of the distribution of goods and services through increased cooperation between banks and insurers*. Thus, bancassurance is the banks' way of distributing insurance products. Despite the variety of ways of defining bancassurance, their common feature is that the term refers to benefits for each party, e.g. in the form of profits.

Models of cooperation between the bank and the insurance company

An important aspect of the functioning of financial markets, which affects the development of bancassurance, are legal regulations, especially those relating to organizational forms of cooperation between banks and insurance companies. There are three structural solutions for bancassurance in Poland [cf. Korenik, 2006, p. 208; Słomianowski, 2012].

First, a particular insurance company may become owned by a bank. This type of cooperation model is based on the majority of the bank's shares in a pre-existing or newly formed financial conglomerate.

The second type of banking and insurance alliances is based on offering bancassurance services through *captive* banking insurance by directly reaching the bank's customers through its branch.

Another solution of this type is the functioning of the bank as an insurance broker. In this case, the bank engages less capital and at the same time, it acts as an insurance agent, sometimes distributing the services of various insurance companies [Śliperski, 2002, p. 31].

Each of the above-mentioned forms in its offer provides comprehensive services, which are the main advantage of bancassurance [Florek, 2017, p. 43; Devi, 2019, pp. 2093-2102].

Considering the existence of many criteria for classifying the forms of bancassurance activity (including ownership, distribution method, customer base, policy management [*Bancassurance: emerging trends…,* 2007, pp. 5-6]), other forms can also be distinguished. For example, taking into account the capital flow criterion, there is a non-capital approach and a capital approach.

The non-capital approach (while maintaining the independence of the entities with each other), comes down to the integration of a subject nature and may take the model of cooperation (e.g. promotional agreement, distribution agreement). The promotional agreement, as the name suggests, is about promoting the partner's insurance services by the bank. Hence, the primary task of the bank is to inform customers about possible insurance options. On the other hand, the distribution agreement comes down to the distribution of insurance through the use of bank distribution networks. Therefore, the subject cooperation is carried out based on cross-distribution, combined or induced (cross-selling) – distribution of one service takes place while offering another service (usually complementary) [Nowacka, 2015, pp. 131-132].

Cross-selling – offering the existing bank customers additional or related services. As part of this model, packages of complementary services are created to supplement [cf. Zaleska, 2007, p. 208].

The capital approach is based on the bank taking over a minority stake in an insurance company (as a capital investment of the bank), i.e. capital investment by the bank, which

as a result, it leads to the creation of banking and insurance groups, in the form of the establishment of a new insurance institution (*joint venture, de novo*) or a merger or acquisition. The nature of cooperation comes down to subjective activity [Gajdek, 2016, p. 21].

As part of a *joint venture,* a legally and organizationally independent entity (usually a new insurance company operating within the bank) is created as a result of cooperation of two or more institutions that allocate part of their resources to achieve specific goals. These goals are primarily aimed at generating more profits through integration. The task of the partners in a *joint venture* is to control it and make strategic decisions aimed at development. The percentage shares of the shareholders are not specified, although in the long run the bank usually takes the dominant position. This is because, for example, branches, subsidiaries, which are the bank's contribution perform strategic functions, which in turn implies the gradual purchase by the bank of shares in other institutions, and finally the complete takeover of the entire insurance company [cf. Szylak, Zarębska, 2014, pp. 33-34].

The *de novo* strategy consists in undertaking by the bank to operate fully independently and financed by its resources or to purchase an already existing institution. This form of activity has a great chance of success because the bank that decides to adopt a *de novo* strategy must have considerable capital and infrastructure at its disposal. Hence, the advantage of this form is the adaptation of bancassurance activities to the bank's existing structures. This gives an additional source of profit, and above all – adapting services to the already existing offer and desired by customers. It should be noted that the bank's strong position in the banking field is not a guarantee of success in insurance ventures. Furthermore, the fundamental downsides of the *de novo* strategy are the high costs in the early stages of this type of business and the time taken to see results. for results [Gajewska, 2016, p. 21].

Mergers are a strategy of joining at least two entities that assume that their situation will improve as a result of this merger [Miedziński, Biczyński (ed.), 1991, p. 46].

When one company purchases most or all of another company's shares to gain control of that company. In turn, an acquisition is a phenomenon when a bank takes over an insurance company or vice versa. Under this model *know-how,* personnel and experience are acquired automatically. The solution brings results relatively shortly, provided that such elements as, for example, the entity to be taken over and the related costs have been carefully and correctly analyzed before [cf Szczepankowski, 2001, p. 31].

When analyzing the bancassurance evolution process, it can be noted that in the initial stages of its development, banks were primarily interested in extending their offer to include insurance services. For this reason, they initiated (relatively loose) non-capital distribution agreements. The urge of banks to expand their operations and increase their profits, not only from the commission earned on brokerage, caused the forms of banking and insurance alliances to change. Hence, the non-capital approach began to gain importance, especially in the form of newly established insurance companies by prospering banks [Gajewska, 2016, p. 22].

Considering the above, it is impossible to clearly define which form of cooperation between the bank and the insurance company is the best solution. Due to significant differences between banking and insurance activities, this integration does not always result in success. Thus, the least desirable forms are those with the lowest degree of integration. However, a certain instability of connections and the possibility of the emergence of discrepancies in the interests of both the bank and the insurance company – this is the weakest side of bancassurance [Lisowski, Jaworski, Ryć, 2000, pp. 182-183]. Thus, a necessary condition to ensure competitiveness and long-term development of bancassurance is the anticipation of opportunities and threats from the environment, as well as the effective adaptation of the most effective models of cooperation to them [cf. Ciechan-Kujawa, 2014, pp. 21-36].

Global bancassurance market

The changing microeconomic and macroeconomic conditions determining the activity on the financial market imply, inter alia, new and innovative practices [Devi, 2020, p. 02008]. Despite many years of experience in integrating banks and insurance companies, bancassurance can be described as an innovation. Moreover, bancassurance plays an important role in the strategy of a growing group of financial institutions. It is related to the fact that customers are more and more willing to reach for packages of products (according to the concept of "everything under one roof"), which often turn out to be simpler, and more importantly from the point of view of the recipients, with cheaper offers than these traditional financial products.

In 2019, the level of the bancassurance market reached USD 1.2 billion, while forecasting by the IMARC Group assumes that this market will continue to grow in 2020-2025, albeit moderate [www.imarcgroup.com/bancassurance-market, update: 01.12. 2020]. Other analyzes using the latest techniques and market research tools indicate that the share of bancassurance in the mark in 2020 reached the level of 0.4 million and assume a growth forecast for 2025 of about 2,177 million, while the *Compound Annual Growth Rate* (CAGR[3]) in the period 2020-2025 will be at the level of 1.8% [www.marketwatch.com/press-release/at-18-of-cagr-bancassurance-market-share-will-increase-21768-million-

3 It is a measure that reflects the average annual increase in a given value, assuming that the annual increases are added to the base value of the next period [Woźniewska, 2013, p. 657].

usd, updated 11/30/2020]. The main factors determining this process in terms of structure and functionality include:

an aging society that will drive this development. Accordingly, it should be assumed that older generations have increased needs for health and life insurance and retirement;

economic growth of developing countries;

financial crises;

technological progress;

higher and higher quality financial products;

legal regulations regarding bancassurance activities.

Due to the complexity of the subject of bancassurance, many studies use the classifications of the global bancassurance market in terms of: [www.mynewsdesk.com/us/marketresearch/pressre/bancassurance-share-trends, updated: 01/12/2020] (Table 1):

1) type of product;
2) the type of banking and insurance relationship model;
3) region.

Table 1. Classifications of the global bancassurance market

THE DIVISION CRITERION	TYPE OF SEGMENT
Breakup by Product Type	Life Bancassurance Non-Life Bancassurance
Breakup by Model Type	Pure Distributor Exclusive Partnership Financial Holding Joint Venture
Regional Insights	Asia Pacific Europe Latin America North America Middle East and Africa

Source: own study based on: www.mynewsdesk.com/us/market research/pressre/bancassurance-share-trends, updated: 01/12/2020

Considering the types of financial products, currently bancassurance for life dominates the global market. This is mainly due to the growing awareness of insurance. According to the insurance distribution data, it appears that in 2019, bancassurance in life insurance achieved four times more growth in key markets in overall sales [www.rgare.com/knowledge-center/media/research/digitization-strategy, updated 11/28/2020].

As it results from the earlier arrangements implemented in the activities of financial institutions, the concept of bancassurance differs between countries and is constantly evolving. For example, European countries are dominated by the classical model of integration, where joint ownership or some other form of joint liability is assumed between the bank and the insurance company that is the distributor. This distinction between models is mainly related to the variant of the functioning of the financial market of a given country. In the case of countries where the role of banks as a financial institution is dominated by the stock exchange (stock exchange-based system), it seems obvious that in order to raise capital, the business will mainly focus its activities on issuing various types of securities. On the other hand, a model based on banks (e.g. in Europe) will become the main provider of capital [cf. Staszel, 2014, pp. 99-100]. The most popular bancassurance model in the group concerning the model type of banking and insurance associations is the pure distributor model. This model assumes additional prospects for each party to the agreement with minimal investment.

Bancassurance is a very important insurance distribution channel all over the world. The key markets for high growth are India, Singapore, Turkey, as well as China and Chile [www.prweb.com/releases/2013/12/prweb11420623.htm, updated: 30/11/2020]. When considering the expansion of bancassurance in terms of geographic region, it should be noted that the advantage belongs to Europe. On the other hand, the key players in this market include [www.imarcgroup.com/bancassurance-market, updated: 30/11/2020]:

- ABN AMRO Bank NV;
- The Australia and New Zealand Banking Group Limited;
- Banco Bradesco SA;
- The American Express Company;
- Banco Santander, SA;
- BNP Paribas SA;
- The ING Group;
- Wells Fargo & Company;
- Barclays plc;
- Intesa Sanpaolo SpA;
- Lloyds Banking Group plc;
- Citigroup Inc.;
- Crédit Agricole Group;
- HSBC Holdings plc;
- NongHyup Financial Group.

As it turns out, *the* concept of bancassurance is very often used in many countries. It should be assumed that the bancassurance market will systematically grow in the coming years. It will bring many benefits to the bank, insurance company – but also customers who are looking for simple and at the same time inexpensive products from trusted financial institutions. In this context, it should be expected that this form of integration will be an essential element of the strategy of financial institutions.

Conclusion

Constant changes and an attempt to meet market challenges imply that new, innovative solutions appear on the financial market. This means that the experiences of countries around the world indicate the concept of bancassurance as an effective management model [cf. Peng, Jeng, Wang, Chen, 2017, pp. 1-13]. The analysis of the global financial market shows unequivocally that the development of banking and insurance unions in individual countries of the world is unevenly determined by many factors. Nevertheless, this fact results mainly from diverse socio-economic and economic conditions, legal regulations, knowledge and awareness of the society, or even the non-uniform nature of the banking and insurance sector and their non-identical level of development. However, certain regularities linking these markets can be found.

The cooperation of banking and insurance unions can be found in the so-called maritime loan, which took place already in antiquity, while the first modern example of a strategy of combining banking and insurance services can be seen in the distribution of insurance in Germany.

Banking and insurance activities, although completely different, are in fact complementary, as is evident from this study. It can be pointed out that the relatively underdeveloped insurance sector is not an incentive for banks to integrate under bancassurance – and vice versa. Importantly, it should be emphasized that a wide range of forms and models of banking and insurance associations may imply many benefits, for example organizational, technological and marketing, for each side of the alliance. Regardless of the adopted and implemented model and form of bancassurance, the most important thing is that this form of distribution of insurance services should bring tangible benefits not only to the bank or insurance company but above all to customers who shape the demand for such services.

To sum up, bancassurance is an opportunity for development, growth and an opportunity to improve the position of entities on the financial market. The integration within bancassurance may imply better competitiveness of the bank and the insurance company in many areas of their functioning, as it concerns benefits for each of the parties. Thus, this concept is playing an increasingly important role in the strategies of financial market institutions, even though today the issue of bancassurance is manifested in the lack of uniform, commonly used definitions of terms regarding this type of relationship.

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