

# Evaluating the performance of Hungarian banks according to bancassurance phenomenon

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*Abstract:* The paper analyses the process of reintegration financial services - named bancassurance - according to the qualitative and quantitative analysis of Hungarian banking system. New tendencies such globalization, integration, disintermediation and deregulation give the basis for the development of banking industry. The convergence of banks and insurance companies varies country by country because of the social reforms, the supervisory influence, the regulatory background and other factors. The continuous changes of the institutional, economic and demographic conditions, the intensifying competition, or the entrance of non-business line related competitors could indicate the saturation of the markets. The emergence of new markets is due to the growth of prosperity, the innovation and technological development of services.

Based on the qualitative and quantitative analysis of the Hungarian banking system, it can be concluded that in Hungary the inhibition of bancassurance is the mostly unchanged regulatory environment.

*Key-words:* service innovation, financial convergence, bancassurance, reintegration, performance analysis

## 1 Introduction

By the middle of the 20th century the basis of the modern financial system evolved also in international directions with fixed exchange rates, convertible foreign currency and the widespread spreading of free-trade principles. The post-war reconstruction and the significant economic recovery went hand in hand with the rapid development of the financial services. By the 1970's the conditions became mature to replace the fixed exchange system with a flexible one and the regional and global liberalization of the financial system began. The ever increased international movement of money and capital sources, the raw material crisis, the debt crisis of the developing countries increased the risks engaged in the financial system. The flexible currency-exchange system, the fluctuation of interests, the financial innovation which created ever more newness, put the credit institutions, investment banks and pension funds from time to time to trouble. Risk

became ever big and complex the effective treatment of which was unavoidable.

The flow of complex financial products and money between the banking retail and wholesale channels actually aimed at the more proportioned and more effective attainment of savings. The aim of financial suppliers is to make individuals to invest their money at them. However the persuasion create an intense competition in purchasing of savings, and accordingly in the encouragement of demand.

From the 1980's reintegration started, as a result of the two areas - banking and insurance - were trying to incorporate and practise each other's functions. This new development of financial services is the strengthening convergence of the banking and insurance branch on the financial services market.

The liberalised-deregulated financial regulation system allowed banks and insurance companies to cross the formerly strictly designated borders. However, this was preceded

by the shrinking of the commercial banks' market share.

On one hand deregulation resulted in the declining market share of banks in the savings market, on the other hand it opened the way for banks to penetrate the insurance market.

## 2 Literature review

Bancassurance is not clearly defined neither in theory nor in practice. It can be determined from a functional and an institutional point of view [14], [15], [12], [13], [29], [9], [28], [32], [20] and from historical aspects [8], [7].

Functionally means the range of financial services and includes the banking and insurance services. The institutional approach is based on the organisational cooperation between banks and insurance companies or non-bank institutions. For the customers the bancassurance primarily means the connecting of different service providers [4], which originates from the cross-selling [5], [22], [31], [21], [16], [30].

The unclear nature of this concept is due to the fact that besides the difference between banking and insurance services [9], many similarities can be identified [2], [19], [6], [18], [25].

Based on the literature, the following complex formulation covers the concept of bancassurance [24]:

“Bancassurance is the result of a – partly common, partly based on self-interest and ready to compromise - cooperation process between financial service providers, whose internal operation builds on

- to reduce costs,
- a commonly available client database and distribution network,
- potential revenue growth,
- to take advantage of the benefits of the two institutional cultures - bank image, reputation and insurer risk management expertise.

Therefore it is based on the benefits of positive synergies, and in its external appearance emphasizes the customer-oriented attitude, the ability to provide a

full service, and the creative and flexible problem-solving that varies with different successes depending on the chosen form of cooperation, institutional structure and legal framework. Integrated institutions aim to resolve compatibility issues by combining different institutional cultures and by commonly designating each function and strategy. In addition to these conditions, it is possible to maintain and increase profitability.”

## 3 Problem formulation

The survey was based on data from 10 years - from 2005 to 2015. Due to display constraints, a few years' data will be highlighted to keep track of trends. The Hungarian economy is set on a 2-3% GDP growth path. After years of losses, the banking sector returned to modest profitability with a ROA at 0.2% and a ROE at 2.3% in 2015 (Table 1.). New loan volumes are low – less than half compared to pre-crisis years, resulting in ongoing deleveraging. Moreover, banks stepped up their balance sheet cleansing (mainly corporate loans) in 2015.

**Table 1: Selected key banking sector indicators**

	2005	2008	2010	2015
Total assets (EUR bn)	78	125	121	104
Total assets (% of GDP)	88	123	124	97
Profitability (ROE %)	26.6	15.2	2.3	2.3

*Source: own source based on statistical data of National Bank of Hungary (2017)*

The reintegration of financial products – driven by banks – is not just a question of funding and growing performance expectation. The complexity of the bancassurance strategy can be demonstrated from various aspects, during a longer time period. There can be no real bancassurance market in Hungary from regulatory aspect, but convergence process is

detectable analysing the banking sector from a broader perspective – using quantitative and qualitative information together.

The analysis is going to look for the answer, how the bancassurance process in Hungary can be manifested, or are the process and the expansion of the product range demonstrable in the banking sector at all? Are the banks, which offer universal financial services, separate from the ones with only marginal activities?

The sector analysis is prepared with the application of multiple variable statistics, factor and cluster analysis. For the full survey of the banking sector the data of the PSZÁF (FSA – Financial Supervisory Authority) and the National Bank of Hungary (NBH) is used. The analysis is finished with the help of SPSS statistical software.

During the practical analysis of the bancassurance trend I came across many difficulties. This is important to mention, because it may seem that the final analysis shows partial results only.

First an examination was planned, which could demonstrate, how the performance of a given bank developed, before and after the sales of insurance products in order to see the effect of the widening of the product range. This way the synergy effects would have become detectable. For the analysis it was no available detailed banking and insurance data for the given period, not even after making specific enquiries.

As follows, the analysis is based on available banking data for ten years, 2005 to 2015. The comparability of the data is an

important aspect, since the corrections and the different calculation methods, eg. ROE, ROA, corrected values need to be considered. Based on the data of the balance sheet, the income statement and on calculated indicators, it was planned to show that the single universal banks are a separate cluster compared to the not-universal or banks with special activities. Unfortunately this analysis was not successful; the institutions did not separate sharply. The regulated correction factors probably had a role in this, and potentially the “creative book-keeping” as well. After these attempts, qualitative criteria in addition to the quantitative criteria was introduced, from which a K-Means cluster analysis showed well separating groups within the banking sector. As diversified qualitative criteria covering many years cannot be handle, the analysis is based on full sectorial, comparative data concerning 2005 and 2015. Thus made it possible to track the change in the banking sector – in terms of bancassurance phenomenon - from 2005 to 2015.

#### 4 Statistical analysis of the Hungarian banking sector

The aim of the research is to demonstrate, whether some of the banks are separate with the widening of the range of activities. In order to detect this, quantitative criteria (ROE, ROA, premium rate = premium/(premium+interest income)) and the criteria of the widening of the range of services are included in measuring of the performance. The criteria and the categories are included in table 2.

**Table 2: The criteria and the categories used in the survey**

Criteria	Categories			
<b>Variables measuring the completeness/wideness of the service range</b>				
<b>Owner structure</b>	1: Hungarian 100%	2: Foreigner 100%	3: Mixed ownership, 60%-or less foreigner ownership	4: Mixed ownership, 60%-or more foreigner ownership
<b>Client segment</b>	1: retail	2: corporate	3: mixed	
<b>Insurance connection</b>	1: none	2: own insurance	3: partnership	

		company		
<b>Leasing activity</b>	1: yes, within the group	2: yes, through partner	3: none	
<b>Mortgage activity</b>	1: yes, within the group	2: yes, through partner	3: none	
<b>Life insurance services</b>	1: yes, within the group	2: yes, through partner	3: none	
<b>Non-life insurance services</b>	1: yes, within the group	2: yes, through partner	3: none	
<b>Investment fund</b>	1: yes, within the group	2: yes, through partner	3: none	
<b>Pension fund</b>	1: yes, within the group	2: yes, through partner	3: none	
<b>Real estate</b>	1: yes, within the group	2: yes, through partner	3: none	
<b>Other services</b>	1: none	2: 3, or less	3: more than 3	
<b>Number of bank branches</b>	1: 0-30 branches	2: 31-150 branches	3: over 151 branches	
<b>Performance indicators</b>				
<b>ROE</b>	1: negative	2: 0-12%	3: 12-20%	4: over 20%
<b>ROA</b>	1: negative	2: 0-3%	3: over 3%	
<b>Premium rate</b>	1: negative	2: 0-12%	3: 12-20%	4: over 20%

*Source: Own editing*

The data and the performance indicators were calculated on the basis of the data of FSA 2005 and NBH 2015 and the additional criteria through specific inquiries. The survey covers the whole Hungarian banking market.

In the following there is a need to answer the selection concept of these criteria for the analysis of the banking sector. The expansion and increase of bancassurance is the result of many factors. Deregulation for example helped the structural arbitrage between the banking and insurance sector. The banks enlarged the range of their financial products, as a response to the perceived customer needs, and increasingly tried to utilise the sales channels for the cross-sales of other financial products. Therefore on one hand it is important to examine what sort of clientele the Hungarian banks focus on. On the

other hand since a bank and an insurance company cannot operate within the same organisation in „composite” form from a legal perspective in Hungary, the important question is, whether the bank establishes its own subsidiary, or provides insurance and other financial services in a contractual form and is thus cooperating with another company. Furthermore it is taken into account, what are the most common services that a private or corporate client demands, either as a supplementary to the banking operation, or as an independent function: leasing, mortgage, life or non-life insurance, pension fund, real estate or investment fund service.

An important question arises in terms of the banking sector: is there under- or over banking? According to the status in 2005 there were 34

banks in Hungary and 40 banks in 2015, which was enough for providing financial services and for the development of appropriate competition. In addition, an examination was prepared on the supervised financial service providing institutions in an extended meaning: 174 mutual savings banks, 215 financial enterprises and 25 investment fund management companies operate in Hungary in 2005 [10]. These figures will be as follows in 2015: 87 mutual savings banks, 250 financial enterprises and 20 investment fund management companies [23]. On the other hand it is worth to examine the number of the bank branches, the 34 banks altogether have 1255 branches in 2005, the 40 banks have 2298 branches in 2015, which do not offer flexible and fast service in every region or area. Therefore according to the number of different financial institutions there is over banking in Hungary, but as for the number of branches there is under banking as well.

The bancassurance trend raises a number of interesting and important questions in connection with the bank strategies:

- Are the banks able to effectively and widely cross-sell insurance and other products as they originally advertised<sup>1</sup> [3].
- Are bancassurance strategies more successful than other cooperative strategies? Is the result of the “financial supermarket” (or universal bank) strategy more effective or is that “better”, than a specialized bank?

In performance measurement, banks follow one of two models: they either prefer the costs control or the profit maximisation. In practice banks are inclined to follow the mix of this two strategies, although the costs control or the profit maximisation are more emphasised in a specific time and within the different parts of the bank’s general strategy. Significant practical problems can be caused, if an organisation tries

to reach sustainable competitive advantage with any of these general strategies.

#### 4.1 Data analysis

In the following I will present and analyse the data obtained with the help of the SPSS statistical software for the banking sector and the demonstrability of the bancassurance activity. Because of extension barriers and similarity of the results, the 2005 data tables are now presented, highlighted the results of 2015 during the analysis.

Frequency tables can be used to determine the breakdown of the entire banking market by certain criteria. Based on the ownership structure, 44,1%-of the banks are foreign owned by hundred percent, and 29,4% of them have a foreign ownership rate that exceeds 60% in. Only 17,6% of the banks have majority Hungarian ownership in 2005 which is mostly unchanged in 2015.

In Hungary only 11 out of the 34 banks provide life and non-life insurance activity, either by their own insurance company, or through contractual cooperation in 2005, this rate is 14 out of 40 banks in 2015. Considering the performance of the banks, most of them have a ROE (Return on Equity) under 20%; the ROA (Return on Assets) significantly falls between 0% and 3%. It is also important that 70,6% of the banks have less than 30 branches and only three banks have more than 150 branches. From this data we may not deduct inferences concerning the bancassurance, but may predict the differences between the banking strategies and the pressure on profitability.

##### 4.1.1 Factor analysis

Factor analysis identifies artificial variables, also known as factors, which explain the patterns within the observed variables. This method is often used to reduce the identification of small number of factors so that they express the explanatory power of the original variables. Thus this aggregates the examined variables based on the correlation between each other and

<sup>1</sup> For example they worry that the banks try cross-selling, before they have developed an effective cross-marketing strategy.

behind each variable group we may recognise a common component, i.e. factor, which is not directly measurable, but can be well interpreted.

**Table 3: KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,615
Bartlett's Test of Sphericity	Approx. Chi-Square	227,146
	df	91
	Sig.	,000

Source: own editing, based on SPSS output table

Table 3. shows two tests that indicate the suitability of data for structure detection. Kaiser-Meyer-Olkin (KMO) and Bartlett's test play an important role for accepting the sample adequacy. KMO ranges from 0 to 1, and the accepted index is over 0.6. Also, the Bartlett's Test of Sphericity relates to the significance of the study and thereby shows the validity and suitability of the responses collected to the problem being addressed through the study. For factor analysis recommended: the Bartlett's Test of Sphericity must be less than 0.05.

**Table 4: Communalities**

	Initial	Extraction
Roe	1,000	,880
Roa	1,000	,853
ownership	1,000	,716
Client	1,000	,882
insur con	1,000	,720
Leasing	1,000	,695
mortgage	1,000	,822
life ins	1,000	,734
non life	1,000	,623
inv fund	1,000	,688
pens f	1,000	,716
realest	1,000	,800
other	1,000	,629
bbranb	1,000	,869

Extraction Method: Principal Component Analysis. Source: own editing, based on SPSS output table

Concluding from tables 4-6. the phenomenon of the Hungarian banking sector is characterized by five factors already in 2005, explaining by 75,915%. Based on the rotated principle component matrix, the following factors were determined based on the variables they contained:

1. Variables in the 1st factor: insurance partnership, leasing, life insurance, non-life insurance services.
2. Variables in the 2nd factor: ownership structure, pension fund partnership, other services, bank branch level.
3. Variables determining the 3rd factor: ROE, ROA.
4. Variables of the 4th factor: mortgage, real estate fund services.
5. Variables of the 5th factor: client segment, investment fund.

Based on these, I have provided the factors and tendencies with the following names. The first factor is the “**needed services**” or “necessity services”, covering personal and property related insurance services. The factor name “needed” is justifiable because these services are sought by the clients attached to the realisation of their needs (eg. life insurance to the credit coverage, to insure the assets next to the real estate, car insurance, car acquisition with leasing – these are the necessary good/bad services). For these services on their own – according to my point of view, in Hungary there is a relatively low insurance culture, and due to the low level of savings – the clients do not demand them otherwise. The nomination of the first factor becomes meaningful, when we also examine the fifth factor, which was paired by me. The fifth factor was called a “**luxury service**” factor by a slight exaggeration, because the clients expects from the bank to handle their remaining savings after the use of the basic services. This is more rewarding for the banks with mixed clientele, because they can diversify their risk due to a greater customer base and economies of scale. The luxury indicator was therefore attributed to the fact that the investment service itself is used by

customers, assuming greater risk than the basic services.

The second is the factor of “**additional factors for trust and client friendliness**”. This is a factor indicating a tendency in which the ownership structure and the reputation of the parent bank are an advantage in the ownership

structure. These are the banks that have most branches, thus this has a positive correlation with providing long-term trust services, pension fund services, and more and more additional services that indicate the ability to serve the customer throughout their whole life cycle.

**Table 5: Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4,974	35,529	35,529	4,974	35,529	35,529	3,243	23,162	23,162
2	1,716	12,260	47,789	1,716	12,260	47,789	2,388	17,059	40,220
3	1,637	11,692	59,481	1,637	11,692	59,481	1,802	12,874	53,094
4	1,187	8,476	67,957	1,187	8,476	67,957	1,676	11,975	65,069
5	1,114	7,958	<b>75,915</b>	1,114	7,958	75,915	1,518	10,846	75,915
6	,723	5,167	81,083						
7	,625	4,466	85,549						
8	,563	4,020	89,569						
9	,478	3,416	92,985						
10	,367	2,620	95,605						
11	,274	1,959	97,564						
12	,162	1,159	98,723						
13	,120	,858	99,581						
14	,059	,419	100,000						

Extraction Method: Principal Component Analysis.

Source: own editing, based on SPSS output table

**Table 6: Rotated principal component matrix**

	Component				
	1	2	3	4	5
roe	-,131	-,011	,885	-,215	-,183
roa	,103	-,062	,882	,063	,238
owner	,164	-,811	,065	,049	,158
client	-,219	-,171	-,028	-,091	,892
insur con	-,805	,226	,033	-,125	,072
leasing	,737	,206	-,020	-,037	-,328
mortgage	,097	,022	-,034	,877	-,203
life ins	,664	,469	,039	,266	,025
non life	,723	,240	-,002	,160	-,132
inv fund	,503	,288	-,264	,024	-,531
pens f	,401	,730	-,004	,102	-,106
realest	,390	,202	-,223	,698	,263
other	-,393	-,433	,333	,404	-,112
bbranb	-,506	-,694	,043	-,265	,245

Extraction Method: Principal Component Analysis. Rotation Method:

Varimax with Kaiser Normalization. a Rotation converged in 8 iterations.  
*Source: own editing, based on SPSS output table*

The third factor is clearly the **performance** factor and needs no explanation. The fourth factor is the factor of property-related services, which is the consequence of the various housing programs - that have been already canceled - and of the Hungarian tendency that the majority of the homes are privately owned. (Including Germany and in the USA typically the apartments are rented.) Demand also indicates that, although savings are low in our country, people want to get their own property through long-term commitment even with the use of mortgage loans.

After the identification of the factors and tendencies I classified the participants of the banking sector with the help of the cluster analysis into four well segregated groups.

#### 4.1.2 Cluster analysis

The k-Means cluster analysis defines clearly separable groups co-handling variables and cases, and create k number of various groups, where the group average separates the most from the main average and from the other group averages. Based on this, I separated the 4 groups by means of non-hierarchical, k-Means cluster analysis.

**Table 7: Final Cluster Centres**

	Cluster			
	1	2	3	4
owner	2	2	3	4
client	2	3	2	3
insur	2	3	1	2
leasing	3	1	3	1
mortgag	2	2	3	1
lifein	3	2	3	1
non lifin	3	2	3	1
invfun	3	1	2	1
persfun	3	2	3	1
realest	2	3	3	1
others	1	2	1	2
bbrancli	1	2	1	3
roelin	2	3	3	3

*Source: own editing, based on SPSS output*

*table.*

Table 7. shows the individual clustering characteristics. This means that for each cluster the given values of the individual criteria are the dominants. First, I analysed the fourth clusters because these characteristics apply to the bancassurances (within the boundaries of the Hungarian legal frameworks).

The main characteristics of the fourth cluster:

- There is more than 60% of foreign ownership in the ownership structure,
- the clientele is mixed,
- the bank has its own established insurance company,
- so it provides the services within the holding company: leasing, mortgage, insurances, fund management, pension fund,
- in addition the previously mentioned services it still provides other services as well,
- has a branch network with over 151 branches,
- ROE is above 12%.

The determinants of the second cluster:

- the bank is 100% foreign owned,
- the clientele is mixed,
- provides additional financial services on the basis of contractual cooperation (s): mortgage, life-, non-life insurance, pension fund services,
- provides other services too,
- has a branch network between 31 and 150 branches,
- ROE between 12-20%,

The determinants of the third cluster:

- less than 60% foreign ownership,
- typically business customers,
- no insurance relationship,
- no leasing, mortgage, life-, non-life



insurance, pension funds, real estate fund services,

- investment fund services by partner,
- no other services,
- the branch network is under 30 branches,
- the ROE is typically between 12 and 20%.

The determinants of the first cluster:

- not mixed clientele,
- 100% foreign ownership,
- cooperation agreement with an insurance company,
- no leasing, life-, non-life insurance, investment fund, pension fund service,
- real-estate, mortgage activity by a cooperational partner.

In 2015 the explanatory force of the performance indicator decreased. This can be explained by the financial crisis that caused low ROE and ROA indicators. At the same time, there is a slight restructuring visible in the ownership structure.

It is important to mention, that K-Means cluster analysis is basically a quantitative, number-based analysis, and at most qualitative classifications – as in this case as well – there must be awareness when interpreting the results. The clustering factors in this analysis show the main cluster's characteristics, but all of these factors are not unique for each of the cluster forming banks. Thus, the characteristic features of the cluster banks are predominantly, but not entirely identical.

The first and the second cluster each include 10 banks, the third cluster has 13, and the fourth has only 3 in 2005. In 2015, the number of cluster members was as follows: the fourth cluster has the same 3 member, the second cluster has 11, the third cluster has 16 and the first cluster include 10 banks. The results show that the banking system is extremely embedded in terms of regulatory and ownership structure. Members in the highlighted third cluster are OTP Bank, Erste Bank and K&H (KBC).

The three banks belonging to the fourth cluster are called **bancassurers** based on the

cluster features. They provide a wide range of financial services through their own established subsidiaries, for mixed clientele, through their large branch network. They ensure the necessary financial services for their clients in their entire life cycle. By examining the banks individually, we can see that foreign ownership is highly dominant in their ownership structure, which ensures the transfer of the experience of the parent bank, but it also has a small Hungarian share, so taking into account the Hungarian financial culture, economic and legal environment is also optimally fulfilled in the joint strategy. In addition, performance indicators are above average thanks to the economies of scale, the capital base provides a safe and good market position, so the synergy effects are positive. These three banking groups are among the most well-known in Hungary, and through their PR activities they provide extensive information to potential customers through the media.

The 10 banks that formed the second cluster are similar to the fourth cluster. I call them **universal or universal type banks** because, unlike the banks in the fourth cluster, they do not have an own established insurance subsidiary, but cooperate with other service providers, and provide a wide range of services this way. High-yielding - albeit risky - leasing and investment fund activities are carried out within their own group. These banks no longer have a large branch network, and typically 100% or nearly 100% are foreign-owned. Most of these banks are well-known for their services to retail and corporate customers. The previously mentioned two clusters are in my opinion, the representative of the Hungarian bancassurance activity. This does not even reach the 25% of the total of the 34 banks, the narrowly considered bancassurance group, so the 3 banks are less than 10% of the banking sector.

The institutions in the first and second cluster do not or only marginally provide other financial services. Considering their clientele and service palette **the banks are specialised**.

Table 8. is highlighted from the detailed analysis, which shows the stepwise statistics. It

is worth examining, because it shows the criteria of the clusters forming steps in order. The first criterion in the table is the investment fund, which provides the highest yield at a relatively high risk. The following two elements are leasing and non-life insurance, which are risky because of the depreciation or impairment of assets that are collateralized. The fourth is the customer base, - broadening, acquisition and retention. Acquiring new customers and segments requires a great deal of work on the

long run, and it is easy to lose them with an inappropriate product, bad communication, or in the case of competition entering. This can happen if there is no link to a particular bank. The fifth is the existence of an insurance relationship. This is also a risky factor because it is necessary to decide whether a cooperation agreement or an own establishment is more profitable on the long term. Overall the hierarchy of the risk-return relation prevails among the cluster forming factors.

**Table 8: Stepwise Statistics  
Variables Entered/Removed(a,b,c,d)**

Step	Entered	Wilks' Lambda											
		Statistic	df1	df2	df3	Exact F				Approximate F			
						Statistic	df1	df2	Sig.	Statistic	df1	df2	Sig.
1	invfun	,737	1	3	30,000	3,569	3	30,000	,026				
2	leasing	,659	2	3	30,000	2,239	6	58,000	,052				
3	nonlifeins	,537	3	3	30,000					2,211	9	68,295	,032
4	client	,482	4	3	30,000					1,898	12	71,727	,049
5	insconn	,430	5	3	30,000					1,721	15	72,176	,066
6	lifeins	,402	6	3	30,000					1,503	18	71,196	,115
7	others	,376	7	3	30,000					1,341	21	69,465	,181
8	realestat	,351	8	3	30,000					1,221	24	67,308	,257
9	mortgag	,327	9	3	30,000					1,120	27	64,894	,346
10	bbranch	,300	10	3	30,000					1,053	30	62,315	,420
11	owner	,295	11	3	30,000					,927	33	59,628	,586
12	pensfun	,290	12	3	30,000					,822	36	56,865	,732

At each step, the variable that minimizes the overall Wilks' Lambda is entered.

- a Maximum number of steps is 24.
- b Minimum partial F to enter is 0.1.
- c Maximum partial F to remove is 0.01.
- d F level, tolerance, or VIN insufficient for further computation.

Source: own source, based on SPSS output table

## 5 Conclusion

Despite heterogeneity of bancassurance services and alternative ownership models across countries, the financial crisis reshaped both intermediaries and customers' demand [26], [27].

As for the research among the Hungarian banks based on the knowledge of the regulatory environment is proven, that in Hungary only a few (altogether three) banks perform real bancassurance activity, with the own establishment of financial type service

subsidiaries. In terms of the integration of the banks and insurance companies, cooperation forms can be found from the cross-ownership, deeper integration to the loosest form of distributional cooperation.

From banking side basically the increasing saving function of the life insurance, the consumer need to expand the product range and the poor utilization of the branch networks gave the main reason for the development of the Hungarian bancassurance market. In turn the insurance companies saw the opportunity in the

new cost-effective distribution channel provided by the bank branches. Of course in terms of the development of the bancassurance those factors must be mentioned as the aging of the population, the distrust towards the state-funded pension system, and the imported bancassurance experience of the banks and insurance companies with foreign parent company, or the rapid development of the banking infrastructure. However, the low level of customer loyalty, the initially low level of financial culture, the bankers' lack of insurance know-how and somewhat the regulation are all against the strengthening of the bancassurance as well.

All in all there are signs of bancassurance in Hungary, but the degree of inhibition is also significant. This cooperation in Hungary is not significant, we cannot talk about bancassurance trend, or penetration. In order to clearly disclose the bancassurance activity, it is primarily necessary to change the legal framework which would allow for a common, consolidated analysis of the various financial activities and services -where the income and costs of financial and insurance products are reported together.

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