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Russian Bancassurance Perspectives: From Path Dependence to Ecosystem

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ABSTRACT

The **aim** of the study is to identify the future of Russian bancassurance in the “digital” world based on the formation of a reasonable opinion on its prospects within the framework of path dependence and the ecosystem approach. The **relevance** of the article is determined by the significance of bancassurance for the development of the insurance sector and the Russian financial market as a whole. The author uses **methods** such as analysis and synthesis, analogy, induction, descriptive analysis, matrix construction, clustering using graphs, and index method. The study **is based** on the works of domestic and foreign authors, data from the Bank of Russia on the state of the banking sector of the Russian Federation and key indicators of the insurers; reports of the rating agency “RA Expert” on bancassurance; data of Professional Analysis Systems of Markets and Companies Interfax. Based on the results of quantitative analysis, the author **concludes** that the key factor determining the development of Russian bancassurance within the framework of path dependence is the role of banks as recipients of cash flows. The author **shows** that the digital transformation of bancassurance is mainly associated with the digitalization of intermediary relations between the bank, individual client and insurance company. To quantify the level of such transformation, the author proposes indices of digitalization of bancassurance. The author shows that bancassurance can be successfully built into ecosystems due to its peculiarities. However, the conditions for the development of ecosystems in the Russian market can lead to the dissolution of bancassurance in ecosystems and the loss of its significance for the development of the Russian financial market. The presented conclusions are to be discussed taking into account the study of **new issues** in this problem area, including a study of the mergers and acquisitions market to analyse changes in the ownership structure of banks and insurance companies; a study of corporate bancassurance; broader analysis of quantitative values of bancassurance due to new data; analysis of ecosystem development in the Russian financial market in order to move from predictive judgments to a discussion of real situations.

Keywords: the financial market; digitalization; integration of financial services; credit institutions; insurance companies; ownership structure; digitalization index; Insurtech; platform business model; competition

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INTRODUCTION

Today, bancassurance is playing a significant role in the development of the Russian insurance sector (accounting for 43.1% of its volume¹ in 2019) and in the income of credit institutions (accounting for 46.7% of banks' commission income and premiums as of 01.01.2019). Over the past ten years (2010–2019), the volume of the Russian bancassurance market has grown 6.8 times, reaching 638 billion rubles in 2019.² Although the rapid growth was interrupted for objective reasons (economic and social consequences of the pandemic), its prospects remain, at least in the short term, taking into account the path dependence factor. Based on the trajectory of the previous development, the future of Russian bancassurance lies in an increase in the volume of the bancassurance services market, the accompanying strengthening of the relationship between credit and insurance organizations, and even, according to some estimates [1], in the complete control of banks over the insurance market and the transformation of the latter from competitive to oligopolistic.

At the same time, digitalization has a powerful transformative effect on bancassurance, as well as other segments of the financial market, which is expressed in the emergence of digital financial innovations, such as virtual currencies and asset tokenization, the spread of end-to-end technologies (blockchain, open API, big data, etc.) in the formation of ecosystems. The fintech factor radically changes both the external environment for the functioning of credit and insurance organizations and their internal processes, products and technologies. Given that the genesis of bancassurance is due to natural inter-industry interaction in the financial market, and the scale of the client base is a key success factor for the interaction between banks and insurance companies,

the phenomenon of bancassurance fits well into the ecosystem approach. At the same time, the digital transformation of the economy and especially the development of ecosystems can significantly affect the future of bancassurance, changing the trajectory of its development in such a way that it will lose its independence as an economic phenomenon and lose its significance for the development of the Russian financial market as a whole and its insurance and banking sectors in particular. Thus, determining the future of Russian bancassurance in the digital world and ecosystems is an urgent scientific task.

A review of the literature on the prospects for the development of bancassurance made it possible to note the key provisions of the theory and practice of the development of bancassurance, indicating that the development of this phenomenon in foreign and domestic studies is considered a consistent process, due to the previous specifics of development, the purpose of which is the integration of financial services.

In foreign studies, the prospects for the development of bancassurance are considered as due to national characteristics and the duration of its development period. Analysis of bancassurance practices in 28 advanced economies and emerging market economies in the 2000s showed that the factors influencing its development include: the size of a financial institution, its expenses and incomes, the size of the national banking sector, the level of financial deregulation in the country and the level of inflation [2].

From a chronological point of view, bancassurance has the longest history in European countries (since the 1970s), which allowed researchers to accumulate enough data for empirical analysis. In particular, options for the ownership structure of bancassurance companies in 1998–2012 were studied and the impact of financial crises on them. Based on this new information was obtained on the positive role of bancassurance in the development of the financial market due to the effect of economies of scale [3].

¹ Bank insurance market in 2019 and forecast for 2020: A premonition of a crisis. RA Expert Report. May 2020. URL: https://raexpert.ru/researches/insurance/bancassurance_2020/ (accessed on 05.04.2021).

² Ibidem.

In Asian countries, this concept appeared only in 2002 [4]. Bancassurance has been actively developed in China, India [5], South Korea and Taiwan [6]. The researchers explain the dynamism of the spread of bancassurance in Asian countries primarily by the cultural characteristics of the financial behavior of the population, due to the strong influence of collectivism [7]. In China, the prospects for the development of bancassurance are associated with ensuring social stability with its help. Thus, the purpose of forming various models of bancassurance companies with “Chinese” characteristics is to revitalize China’s rural areas and develop small and micro enterprises [8].

In the United States, the peculiarities of financial market regulation led to the fact that the conditions for the emergence of bancassurance existed for a fairly short period of time: from 1999 after the adoption of the Gramm-Leach-Bliley Act [9] and until the adoption of the Dodd-Frank Act in 2010, which did not contribute to the rapid development of bancassurance.

In Russia, despite the legal ban on banks to engage in insurance activities, bancassurance has been actively developing since the 2000s. In 2004, the first scientific articles on bank insurance appeared, and in 2006, the first study by the rating agency “RA Expert” was published, devoted to the analysis of the interaction between banks and insurance companies.³

The general prospect for the development of bancassurance for different countries was the formation of universal financial markets, the spread of companies — financial conglomerates, the rejection of industry and functional division in the sale of financial products and the provision of financial services.

A new factor influencing the development of bancassurance is the digital transformation of the economy. Studies show that the digitalization of bancassurance depends

both on the level of penetration of digital technologies into the business processes of banks and insurance companies [10], and on the availability and scale of the state program for digitalization of the national financial industry [11]. At the same time, in the scientific literature, the digital transformation of bancassurance is assessed in terms of the concept of path dependence, i.e. the significance of the factor is recognized, and the technological changes caused by it are taken into account, but in general, the development trajectory is assumed to be unchanged.

Unlike existing approaches, we believe that the fintech factor and the ecosystem approach are breakthrough innovations for bancassurance, i.e. innovations that can “destroy” the existing bancassurance and give impetus to the emergence of a new phenomenon.

The aim of the article is to predict the future of Russian bancassurance in the digital world and ecosystems based on the formation of an informed opinion about its prospects within the framework of the path dependence and ecosystem approach.

To achieve this goal, the following tasks are set and solved in the article:

- 1) to characterize the current state of Russian bancassurance based on the formalization of its structure, taking into account the diversity of types of relationships between banks and insurance companies;
- 2) to identify areas of influence of the “fintech” factor on bancassurance and develop digitalization indices for bancassurance;
- 3) to determine the positions of bancassurance within the framework of the ecosystem approach.

The paper uses various methods of analysis in accordance with their capabilities and adequacy to the subject of analysis. With the help of descriptive data analysis, the indicators of interaction between credit and insurance organizations were studied. The construction of matrices and clustering using graphs are used to analyze the ownership relations of banks and insurance companies.

³ Rating Agency “RA Expert”. URL: <https://raex-a.ru/project/bankstrah/2006/conference> (accessed on 15.04.2021).

The index method was used to develop the bancassurance digitalization indices.

In quantitative analysis of bancassurance, one should distinguish between data that is published at the macro level for the banking and insurance sectors as a whole, and data that is collected at the micro level, the level of individual banks and insurance companies. Macroeconomic, banking and insurance statistics provide a general picture of the interaction between banks and insurance companies, and microeconomic data allow a detailed analysis of the relationship between these financial institutions. At the same time, only macro data are available in scientific circulation, which turns the analysis of microeconomic data on bank insurance into a promising, but so far difficult to implement this study.

The article uses official data of the Bank of Russia on the state of the banking sector of the Russian Federation and key performance indicators of insurers as sources of information; reports of the rating agency “RA Expert” on bancassurance; data and tools of the Professional Analysis Systems of Markets and Companies Interfax.

RESULTS AND DISCUSSION

Formalized structure of Russian bancassurance

In our opinion, bancassurance is a system of economic relations between credit and insurance organizations, including various levels of interaction.

The interaction of credit and insurance organizations is carried out at various levels, which includes: the provision of services that are mandatory for participants; customer relations; intermediary (agency) relations; relations within financial and industrial groups, financial groups, or conglomerates [12]. In general, we support this system, considering it unnecessary to single out the level of interaction associated with the provision of services for compulsory insurance of deposits of individuals in banks. In our opinion, the structure of bancassurance includes three levels of relations and can be formalized as follows (*Table 1*).

The presented three levels (types) of relations between credit and insurance organizations can be disclosed through various economic indicators, the analysis of the values of which makes it possible to holistically characterize the current state of Russian bancassurance.

Quantitative characteristics of Russian bancassurance

Given the differences in the nature of the financial services provided, banks and insurance companies are each other's clients. *Fig. 1* shows the dynamics of individual indicators characterizing the client relations of Russian banks and insurance companies.

According to *Fig. 1*, the value of the contribution of insurance companies as clients of banks exceeds the contribution of banks as clients of insurers. Indeed, over the past 5 years, insurance organizations have increased the volume of bank deposits in absolute terms by 1.6 times — up to 640.2 billion rubles (at the same time, the share of deposits in the structure of insurers' assets slightly decreased from 24.7% in 2015 to 22% in 2019). At the same time, the volume of premiums from the insurance of banks' own risks did not change significantly in 2019 compared to 2015, remaining at the level of 11–12 billion rubles, which was due to the influence of various factors, including the desire of credit institutions to optimize non-production expenses.

The next level of bancassurance is intermediary relations, in which the bank acts as an intermediary between the client of the insurance company and the insurer. Theoretically, in such a system of relations, the interests of all participants are taken into account: insurance companies receive an additional channel for the sale of insurance products, banks receive the opportunity to receive additional (commission) income, and customers receive time and money savings. However, studies point to problems in the implementation of intermediary relationships. Insurance companies face conflicts between different sales channels for

Table 1

Structure of bancassurance by levels of interaction between banks and insurance companies

No.	Type of relationship	Characteristic
1	Client relations	<i>Insurance companies – clients of banks:</i> 1. Transactional services, including cash management services, centralized treasury solutions, card solutions and acquiring, data transmission channels, customer service and support. 2. Placement of funds on deposits, etc.
		<i>Banks – clients of insurance companies:</i> 1. Insurance of specific banking risks. 2. Bank property insurance (real estate, vehicle fleet, etc.). 3. Insurance of bank employees (voluntary health insurance, liability insurance, etc.)
2	Intermediary relations	1. <i>Bank as an intermediary between an individual and an insurance company (retail):</i> 1.1. Insurance related to lending (life insurance of the borrower, property insurance – collateral, etc.). 1.2. Insurance not related to lending (investment, savings). 2. <i>Bank as an intermediary between a legal entity and an insurance company (corporate segment)</i>
3	Ownership relations	1. Banks directly or indirectly participate in the capital of insurance companies. 2. Insurance companies directly or indirectly participate in the capital of banks.

Source: compiled by the author.

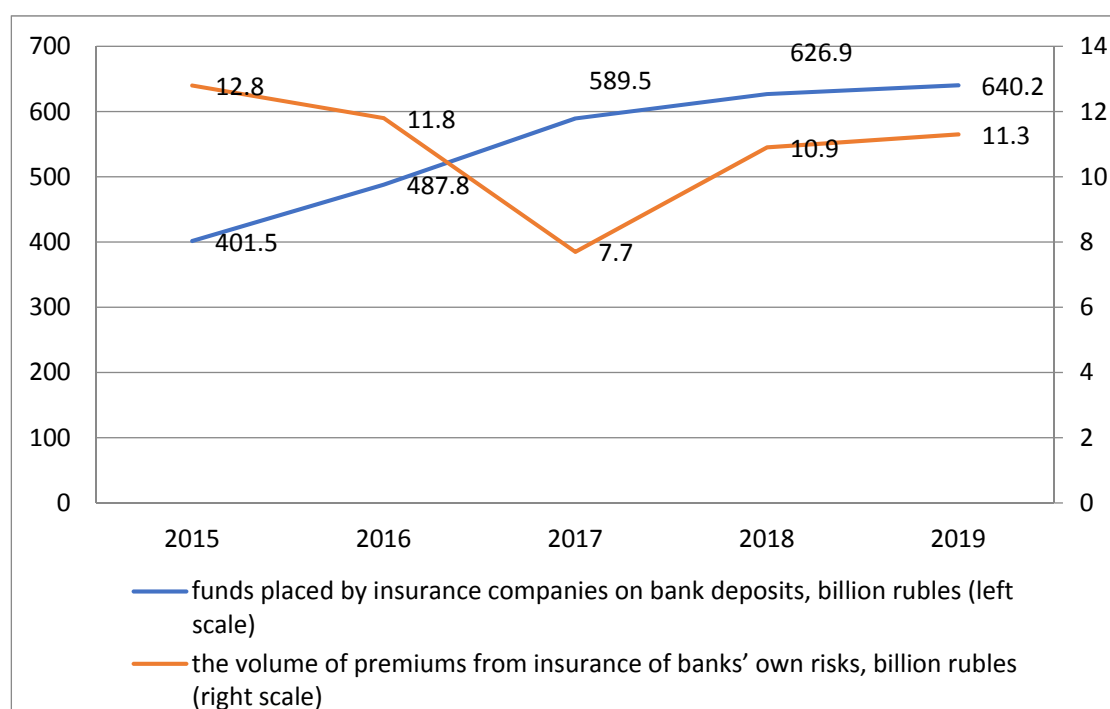


Fig. 1. Quantitative characteristics of client relations between Russian banks and insurance companies in 2015–2019

Source: calculated and compiled by the author.

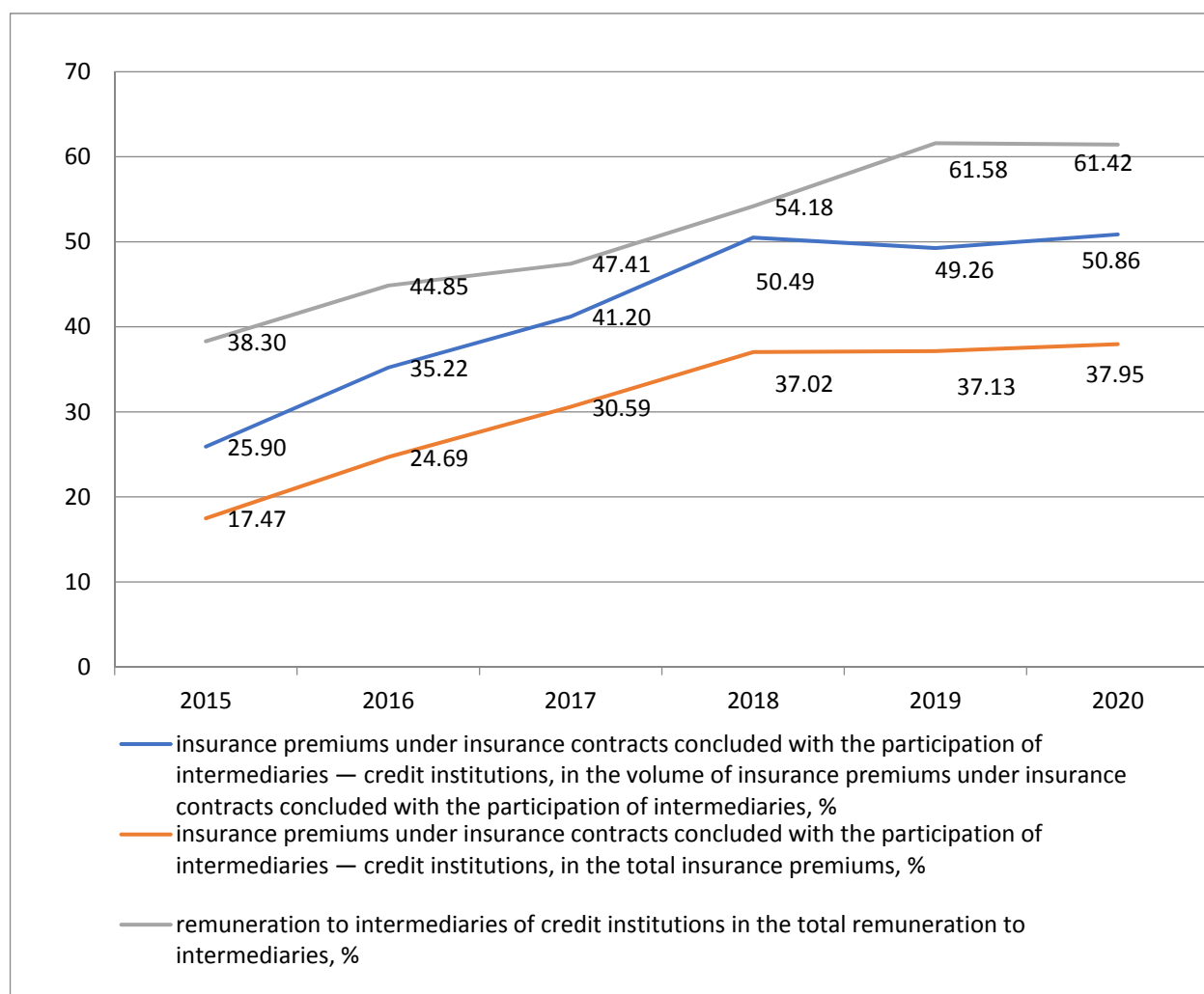


Fig. 2. Dynamics of indicators characterizing the role of banks as intermediaries of insurance companies in 2015–2020

Source: calculated and compiled by the author based on Statistics for the review of key performance indicators of insurers.
URL: http://www.cbr.ru/insurance/reporting_stat

insurance products [13]. For banks, income from bancassurance is negligible compared to total income [14]. Despite the fact that customers receive financial services at a lower cost due to bancassurance [15], the question of their satisfaction with the quality of services provided is acute [16]. In Russia, the provision of insurance services to the population by banks under agency programs is accompanied by a distortion of the economic meaning of insurance, since financial organizations are focused not on providing insurance protection, but on generating income with ultra-low payments [17, 18].

To analyse intermediary relations between banks and insurance companies, based on the

key performance indicators of insurers compiled by the Central Bank of the Russian Federation, indicators characterizing the role of banks as intermediaries in the sale of insurance products can be used. The indicators characterizing the role of banks in attracting insurance premiums, as well as the role of banks (in terms of insurance premiums) among all intermediaries involved by insurers, are presented in Fig. 2. These indicators can be supplemented with similar indicators for insurance payments that cannot be calculated at present due to the lack of detailed statistics on insurance payments.

Fig. 2 presents the dynamics of indicators characterizing intermediary relations between banks and insurance companies.

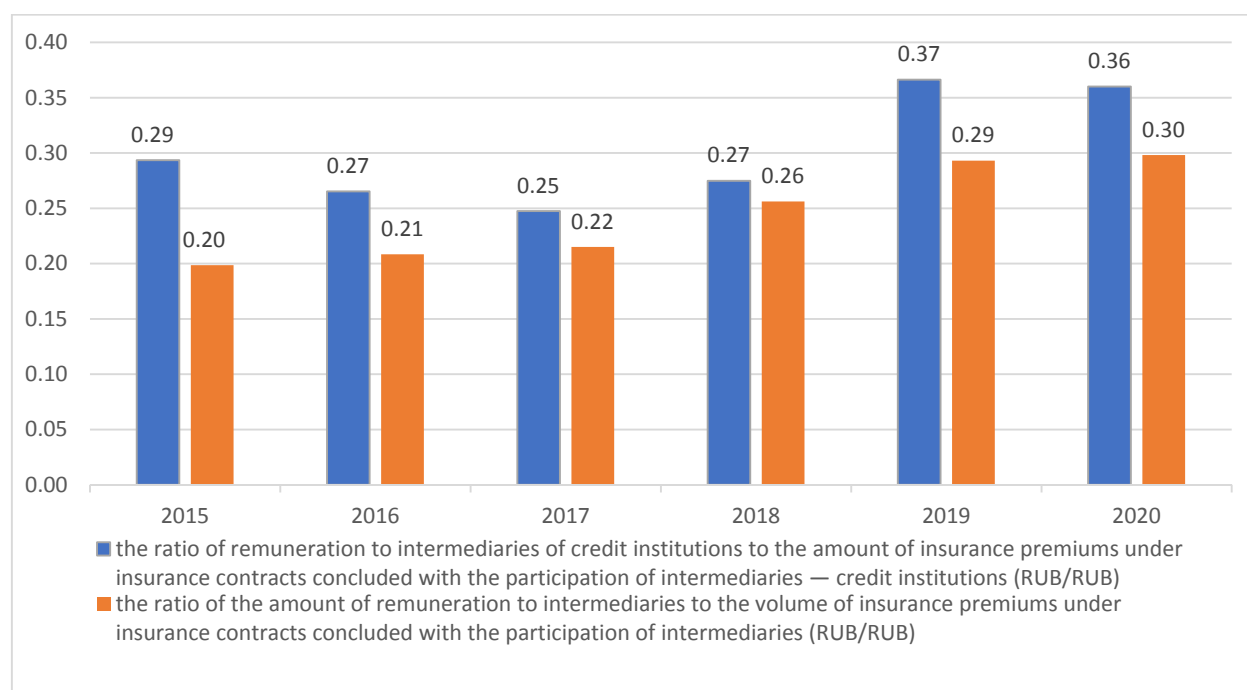


Fig. 3. Dynamics of indicators characterizing the ratio of remuneration to intermediaries and the volume of insurance premiums collected by them in 2015–2020

Source: calculated and compiled by the author based on Statistics for the review of key performance indicators of insurers. URL: http://www.cbr.ru/insurance/reporting_stat (accessed on 15.04.2021).

Fig. 2 indicates a steady increase in the values of indicators characterizing the role of banks as intermediaries in the provision of insurance services.

In 2020, credit institutions accounted for 50.86% of insurance premiums under insurance contracts concluded with the participation of intermediaries. Compared to 2015, the growth was 96%, i.e. the volume of insurance premiums collected with the participation of banks almost doubled. In the total volume of insurance premiums under insurance contracts concluded both by insurers independently and with the participation of intermediaries, the share of credit institutions in 2020 was 37.95%, compared to 2015, the growth was 117%. This confirms the fact that the banking sales channel of insurance products has not only become predominant among other intermediaries (such as insurance brokers, car dealers, individuals, etc.) but also competes with the independent conclusion of contracts by insurers, including online. Based on the difference in growth rates, it can be concluded

that the second process is proceeding at a faster pace. In turn, this suggests that insurers have not fully used the potential of online interaction with their customers.

It is logical that following the increase in the share of insurance premiums under insurance contracts concluded with the participation of credit institutions, there is an increase in the share of their remuneration in the total amount of remuneration to intermediaries. The growth rate of remuneration to credit institutions in 2020 compared to 2015 was 60%. In more detail, the ratio of remuneration to banks and the amount of insurance premiums for insurance contracts concluded by them is shown in Fig. 3.

According to Fig. 3, in 2020 for 1 ruble of insurance premiums under insurance contracts concluded with the participation of credit institutions, the remuneration accounted for 36 kopecks, i.e. more than a third. A significant increase in remuneration to banks occurred in 2019 (0.37 in 2019 against 0.27 in 2018). Apparently, the record growth in remuneration was due to the fact

Table 2

Matrix of property structure relations between insurance companies and systemically important banks of the Russian Federation

	Gazprombank	VTB Bank	Sberbank	Otkritie FC Bank	Rosbank	Promsvyazbank	Russian Agricultural Bank	Credit Bank of Moscow
Sberbank Strahovanie Zhizni (Sberbank Life Insurance)			1					
Ingosstrah	2							3
RESO-Garantiya		3				3	3	
VSK				3				
Rosgosstrah				1				
Sberbank Strahovanie (Sberbank Insurance)			1					
Sos'ete Zheneral' Strahovanie Zhizni (Rosbank Insurance)					1			
Rosgosstrah Zhizn (Rosgosstrah Life)				1				

Source: compiled by the author.

Note: 1 – participation of the bank in the capital of the insurance company/insurance companies; 2 – participation of the insurance company in the capital of the bank; 3 – indirect relations by ownership structure.

that the types of insurance, which had a significant weight in the overall structure of bancassurance, showed steady growth in 2019, namely: the volume of insurance of borrowers on consumer loans, the share in the total structure is 26.2%, an increase of 16.1%, while the volume of mortgage insurance, which accounts for 13%, increased by 18.5%.⁴ At the same time, the presented values are average indicators summarizing the values by types of insurance. According to a survey of the Federal Antimonopoly Service of Credit and Insurance Organizations, the range of commissions for

banks is from 6 to 94% for personal insurance, and from 15 to 80% for property insurance.⁵

In general, for all types of intermediaries in 2020, for 1 ruble of the insurance premium under insurance contracts concluded with the participation of intermediaries the remuneration accounted for 30 kopecks (and unlike banks, the growth of this indicator in 2015–2019 is “smooth”, without significant peaks). Thus, along with the fact that banks as intermediaries prevail among all sales channels of insurance products, for insurers the cost of their intermediation is above the average level (if we consider the level

⁴ The bancassurance market in 2019 and the forecast for 2020: A premonition of a crisis. RA Expert Report. May 2020. URL: https://raexpert.ru/researches/insurance/bancassurance_2020/ (accessed on 05.04.2021).

⁵ FAS Russia. Improvement of interaction between credit and insurance organizations. 19.12.2018. URL: <https://fas.gov.ru/spheres/3?type=presentation> (accessed on 13.10.2021).

of remuneration of all intermediaries as an average value). This conclusion does not contradict the provision that “banks, offering insurance products to retail borrowers, pursue the goal of obtaining excess commission income from insurance companies” [17].

Unlike other studies, for example [17, 19], in our article, we do not analyse data on investment life insurance and life insurance of borrowers, because these are special cases of intermediary relations that are usually taken into account in our indicators.

The interaction between banks and insurance companies is accompanied by a synergistic effect [20], which can be enhanced by choosing the optimal ownership structure [21]. Significant efficiency in the organization of ownership relations between credit and insurance organizations shows the model of a financial holding [4].

Let us consider the types of links by ownership structure between Russian banks and insurance companies. As a result of the analysis of ownership relations between systemically important banks and the largest insurance companies (in terms of insurance premiums), it was found that there are links between 8 systemically important banks and 8 largest insurers (as of 2019). Among the systematically important banks, UniCredit Bank, Raiffeisenbank, Alfa-Bank have no connection with the insurance companies in terms of ownership structure.

For credit and insurance organizations that have ties in terms of ownership structure, we have built a relationship matrix (*Table 2*), which reflects the three types of relationships identified in the course of the analysis: 1) bank participation in the capital of an insurance organization /insurance companies; 2) participation of the insurance company in the capital of the bank; 3) indirect connections by ownership structure (through a chain of companies or through a common nominal shareholder of a bank and an insurance company).

We consider it necessary to clarify the indirect links in the ownership structure. According to SPARK-Interfax,

VSK is connected with SAFMAR Financial Investments on the principle of mutual ownership of each other's shares: VSK owns 1.71% of SAFMAR Financial Investments and, conversely, SAFMAR Financial Investments owns 49% of VSK shares. In addition, both companies share the same board members. In turn, 7.67% of the shares of SAFMAR Financial Investments are owned by Trust Bank, whose members of the Board of Directors are also members of the Board of Directors of FC Otkritie. Thus, it can be argued that, through a chain of companies, VSK has connections in terms of ownership structure with FC Otkritie.

As for the ownership structure of the insurance company RESO-Garantiya, according to SPARK-Interfax, its co-owner is Rossiya Airlines, 75% of which, in turn, belongs to Aeroflot. 51.17% of Aeroflot shares are owned by the Federal Property Management Agency, which also owns stakes in such systemically important banks as Russian Agricultural Bank (100%), Promsvyazbank PJSC (100%), VTB Bank (77.47%). Thus, RESO-Garantiya through a chain of companies is included in the pool of organizations, the main owner of which is the state structure.

As indirect links, we include the presence of a common nominal shareholder: Ingosstrah and Moscow Credit Bank have a common nominal shareholder — the National Settlement Depository (NSD).

To complete the picture, historical connections should be mentioned that are not reflected in *Table 2*. Until 2019, VTB Bank owned VTB Strahovanie (VTB Insurance), as well as VTB Strahovanie Zhizni (VTB Life Insurance). Until 2019, UNS-Holding, a subsidiary of Alfabank, owned Alfastrakhovanie (Alfabank Insurance).

For insurance companies that are subsidiaries of banks, as well as indirectly related by ownership structure, we carried out clustering. Despite the small number of objects that can be subjected to clustering, we consider it important to carry it out, since this is an additional, previously not presented in the study method for analyzing the

ownership relations of banks and insurance companies, which can be a promising research method with an increase in the number of insurance companies that are subsidiaries of Russian banks. Due to limited sampling, graph clustering was chosen (more complex clustering algorithms require a larger sample size).

As features that characterize an insurance company as an object of clustering, we identified: the share of a bank in the ownership of an insurance company (x_1), the share of deposits in credit institutions in the total assets of an insurance company (x_2). Distances between pairs of objects were calculated in the Euclidean metric (Table 3).

The clustering algorithm consists of the fact that an arbitrary number R is given as input, after which all edges in the graph whose metric is greater than R are removed. Accordingly, the regions (connectivity components) into which the graph is divided are clusters. In our case, R values from 0.2 to 0.9 were sequentially numbered in increments of 0.1. However, for any given value of R , the objects remained in the same cluster.

Thus, the result of clustering allows us to conclude that objects are similar — insurance organizations that are subsidiaries of banks, as well as indirectly related to each other in terms of ownership, despite differences in the ownership shares of banks and the share of bank deposits in the asset structure.

The results of the analysis of ownership relations between Russian banks and insurance companies confirm the conclusions of the study [1] about the strengthening of banks' control over the Russian insurance market. However, in our opinion, in order to obtain more accurate conclusions, the market for mergers and acquisitions of credit and insurance organizations should be further studied.

It should be noted that the formation of insurance groups in the Russian market, i.e. groups of insurance companies connected with each other by ownership relations. An example (the only one so far) is AO SOGAZ,

Table 3
Clustering insurance companies with graphs:
initial data

Objects	Feature values	
	x_1	x_2
A	0.19	0.098
B	0.23	0.26
C	1	0.085
D	0.49	0.148
Edges	Metrics (lengths) of edges	
AB	0.167	
AC	0.81	
AD	0.3	
BC	0.79	
BD	0.283	
CD	0.514	

Source: calculated by the author according to the SPARK-Interfax system (x_1), according to the financial statements (x_2). URL: https://www.vsk.ru/upload/documents/4/352/doc/VSK_2019_AUDIT_RPRT.pdf; <https://sberbank-insurance.ru/upload/23/238f754d72475b6bb48c1374f242f794.pdf> https://www.rgs.ru/upload/iblock/11e/osbu_-rgs_-2019_12.pdf; https://rosbankinsurance.ru/documents/AZ_Otchetnost_SZHSZH_2019.pdf (accessed on 13.10.2021).

Note: A — Sos'ete Zheneral' Strahovanie Zhizni (Rosbank Insurance); B — Rosgosstrah; C — Sberbank strahovanie (Sberbank Insurance); D — VSK.

which owns OOO SOGAZ Life and VTB Insurance (also owns VTB Life Insurance). We believe that the formation and development of insurance groups have a positive effect on the Russian insurance market, although it does not prevent its oligopolization trend. The fact is that the strong influence of the banking sector on the insurance market has its pros and cons, the latter can be attributed to the “domino effect” in the transfer of risks. In this sense, the presence of insurance groups independent of banks means greater resilience of the insurance market to financial

and macroeconomic shocks that can be transmitted by credit institutions.

Thus, the current state of Russian bancassurance is characterized by the following. In client relations, the contribution of insurers as clients of credit institutions in value terms exceeds the contribution of banks as clients of insurance companies. In intermediary relations, the banking channel for the sale of insurance products is not only predominant among other intermediaries (such as insurance brokers, car dealers, individuals, etc.) but also competes with the independent conclusion of contracts by insurers, including online, while for insurers the cost their mediation is above average. In terms of ownership structure, 8 out of 12 systemically important banks and 8 out of 20 largest insurance companies have direct or indirect links, while clustering using graphs showed the similarity of objects — insurance companies that are subsidiary banks, as well as indirectly related to each other in terms of ownership, despite on differences in the shares of ownership of banks and the shares of bank deposits in the structure of assets. In general, if we evaluate the overall balance of cash flows between Russian credit and insurance companies, then the recipients of this balance are banks, since insurance companies share their financial resources with them by placing assets on deposits and provide them with opportunities to receive additional income. Thus, the role of banks as recipients in Russian bancassurance is, in our opinion, a key factor in path dependence.

Russian bancassurance and the fintech factor

A holistic and detailed characteristic of the influence of the fintech factor on Russian bancassurance is beyond the scope of the research tasks. We note the obvious: the main direction of digitalization of finance is the interaction of financial institutions with clients — individuals. Therefore, predominantly “digital” changes in bancassurance relate to intermediary relations.

Thus, the main directions of Insurtech (the process of introducing digital technologies

into the insurance sector) are the development of insurance for risks and events occurring in the life cycle of an insurance object (person, property, business), as well as the use of digital technologies in the business processes of an insurance company. As reflected in [22], Russian insurers have achieved maximum digitalization in the organization of sales of insurance products and minimum in risk management of the insurer itself, while IIoT and big data are most in demand by the types of technologies used, and virtual and augmented reality, and blockchain — least of all.

The digital transformation of the banking sector is so diverse that there is no single term for it (for example, BankTech). Using the KPMG⁶ global fintech market segmentation criteria, we note that the digitalization of the banking sector is actively taking place in the following areas: payment services; personal finance and wealth management (WealthTech); risk management and cybersecurity. CreditTech (digital technologies used in lending to individuals and legal entities) and OperTech (digital technologies for optimizing operational processes) can also be added to these areas [23].

It is important that it is the digital transformation of the banking sector that in many cases is carried out through partnership with fintech companies, and not only through competition with them, as, for example, indicated in [24]. Moreover, such cooperation was and remains necessary, since for fintech companies interaction with credit institutions is one of the main mechanisms for their involvement in the financial market.

The typology of interaction between banks and fintech companies includes the following. Firstly, the partnership of companies on various terms, which, as a rule, involves the sharing of risks and volume of investments in new technology or a new product (an example of a partnership is the interaction UBS Group

⁶ Pulse of fintech: half 2 2020. KPMG. February 2021. URL: <https://home.kpmg/xx/en/home/insights/2020/02/pulse-of-fintech-archive.html> (accessed on 15.03.2021).

AG and the blockchain company Clearmatics). Secondly, the formation of funds by banks for investing in fintech companies, which makes it possible to separate the risks of traditional banking and the risks of investing in technological innovations. Thirdly, the so-called internal developments, i.e. the creation by banks of their own fintech divisions, which eventually develop into independent companies (for example, Goldman Sachs Group, one of the world's largest investment banks and bitcoin startup Circle).

As for Russia, according to Deloitte,⁷ which considered data from 15 largest Russian banks, in terms of the level of digitalization of banks by stages of the customer journey, Russian banks, although they are not among the world leaders, exceed the world average in most cases (by 5 out of 6 assessed stages of interaction between the bank and the client, except the stage "the first steps of the client").

Thus, the existing estimates of the digitalization of the insurance and banking sectors of the Russian financial market indicate a high intensity of processes. At the same time, estimates of the digitalization of bancassurance are not presented in the scientific literature.

A quantitative assessment of the influence of the "fintech" factor can be given by the digitalization index, which is usually understood as some indicator that reflects the depth (level) of penetration of digital technologies into the object under study. The national economy, as well as the region, industry (field of activity, business) and a separate enterprise, can be considered as an object. Various information and empirical bases are used — macro data of financial organizations, data from sociological surveys of the population or surveys of financial organizations.

Based on the search results, we identified the following Russian digitalization indices related to the activities of credit and insurance organizations:

1) financial sector digitalization index,⁸ which characterizes use of broadband Internet, cloud services, RFID technologies, and ERP systems;

2) the level of digital maturity of banks,⁹ which assesses the state of digital retail channels in three components (functionality, customer needs, user experience);

3) the level of digitalization of the insurance market [22], shows the ratio of business processes using digital technologies to the total number of business processes in an insurance company;

4) the digital insured index,¹⁰ shows the level of digitalization of products and services of insurance companies for individual clients.

A comparative analysis of these indices based on publicly available and open information showed that the indices differ in the set of initial data, and their information base was formed mainly through surveys and questionnaires (of experts, consumers of financial services, and market participants).

In the development of the idea of a quantitative assessment of the influence of the fintech factor, we have developed indices of digitalization of bancassurance (in particular, intermediary relations between banks, individual clients and insurance companies). The indices are based on the use of some digital technologies, such as broadband Internet, cloud services and ERP systems, since this allows the use of official data as an information base, rather than survey data, and thus makes it possible to study changes in indices over time, which means — monitor the digitalization of bancassurance.

We offer the following bancassurance digitalization indices (similar to stock indices):

⁸ Digital Economy Indicators: 2020: Statistical Collection. G.I. Abdrakhmanova, K.O. Vishnevsky, L.M. Gohberg, and others; National Research University "Higher School of Economics". Moscow: NRU HSE; 2020.

⁹ Digital Banking Maturity. URL: https://www2.deloitte.com/content/dam/Deloitte/ru/Documents/research-center/DBM_2020_rus.pdf (accessed on 28.04.2021).

¹⁰ The All-Russian Union of Insurers and AS&M present the Digital Insured Index. URL: <https://www.insur-info.ru/press/161309/> (accessed on 28.04.2021).

⁷ Digital Banking Maturity. URL: https://www2.deloitte.com/content/dam/Deloitte/ru/Documents/research-center/DBM_2020_rus.pdf (accessed on 28.04.2021).

1) the “broad market” index, which involves determining the average value of three indicators, each of which reflects the share of credit institutions using a certain technology (from among those indicated above) to provide insurance services to the population under agency programs, to the total number of credit institutions connected by intermediary relations with insurers;

2) an index that takes into account ownership relations, which involves determining the average value of three indicators, each of which reflects the share of credit institutions using a certain technology (from among those indicated above) to provide insurance services to the population under agency programs, to the total number of credit institutions associated by ownership relations with insurance organizations.

Thus, the proposed indices of digitalization of bancassurance will make it possible to determine the level of penetration of digital technologies into the interaction of credit and insurance organizations, and comparing them with each other will make it possible to study the impact of ownership relations on the digitalization of bancassurance. At the same time, it should be recognized that the proposed indices have certain limitations: 1) fragmentation (indices do not cover all levels of bancassurance, do not include all possible digital technologies); 2) disproportionate (did not reflect the indices of digitalization of insurance companies).

Nevertheless, at the conceptual level, the proposed indices demonstrate the possibility of analyzing the level of digitalization of bancassurance as a complex phenomenon, including the interaction of various organizations with each other. We believe that prospects of scientific research may be the analysis of the quantitative values of the indices of bancassurance digitalization, their dynamics, as well as the inclusion of the indices in the existing indices of the development of bancassurance, which will make it possible to form a broader and more accurate description of bancassurance in the digital world.

Prospects of bancassurance: An ecosystem approach

Bancassurance has long been considered within the framework of the concepts of “financial supermarket” and financial conglomerate [25]. In the context of the digital transformation of the economy, these concepts are giving way to an ecosystem approach, which involves the transition from the traditional to the “platform business model that uses ... both technological and behavioral changes”.¹¹ Bancassurance, as an example of natural cross-sector interaction in the financial market and relying on the scale of the client base as a key success factor, successfully fits into the ecosystem approach. In our opinion, bancassurance can be adapted to different types of ecosystems. For ecosystems that develop services to meet a variety of human needs, the principles of everyday finance (lifestyle banking + everyday insurance), are applicable, i.e. restructuring of banking and insurance to meet the needs of the life cycle (person, property, business) based on digital technologies. Ecosystems built around one or more basic needs may include the provision of banking and insurance products that accompany a certain basic need, which is also one of the ways to develop bancassurance.

At the same time, the development of ecosystems is accompanied not only by a decrease in the transaction costs of participants [26] but also by a change in the methods and types of competition. The competition involves traditional and platform business models; platforms compete with each other and with offline partners, and there is internal competition between members of the same ecosystem [27].

In the existing global and Russian ecosystems, financial services operate according to a closed model, which implies the importance of having products or services in the ecosystem perimeter,

¹¹ Ecosystems: Approaches to regulation. Report of the Bank of Russia for public consultations. April 2021. URL: https://www.cbr.ru/Content/Document/File/119960/Consultation_Paper_02042021.pdf (accessed on 25.05.2021).

rather than a wide choice of them, and, as a result, leads to an insignificant level of internal competition. Therefore, in future, bancassurance, having become part of the ecosystem, will naturally be built into the line of financial services offered and will lose its independence. We believe this scenario is likely for both bank-based and technology-based ecosystems.

For the Russian financial market, ecosystems are seen as a disruptive innovation, i.e. an innovation with strong market power that will lead to a structural transformation of the entire market. The task of the Bank of Russia as a regulator is to regulate the process of such a transformation in order to obtain an optimal market structure, which is understood as “the presence of several large national ecosystems that compete with each other and with foreign players, niche suppliers and smaller platforms that satisfy the demand of customers outside the ecosystems and challenging ecosystem leaders.”¹² In this respect, the regulator identifies, on the one hand, an increase in the risks of traditional companies due to increased competition with ecosystems (both price and related to the market niche), and on the other hand, the likelihood of a radical reduction in the number of credit and insurance organizations with traditional business models. We believe that in combination with the spread of a closed model for financial services in ecosystems, both the risk of reducing the number of financial institutions and the level of business riskiness of the remaining organizations will increase even more. Perhaps this may cause an increase in mergers and acquisitions of credit and insurance organizations in the financial market in order to increase market share and resist ecosystems. The question remains open: What can compete on equal terms with ecosystems in the financial market:

ecosystems, financial (bank and insurance) groups, banking or insurance groups? The prospect of bancassurance in companies outside the perimeter of ecosystems depends on the answer to this question.

Thus, bancassurance, due to its characteristics, can be successfully integrated into ecosystems, both based on banks and technology companies. At the same time, an insignificant level of intra-platform competition, as well as a non-zero probability of a reduction in the number of credit and insurance organizations with traditional business models due to increased competition with ecosystems, may lead to the fact that bancassurance will lose its independence and significance for the development of the Russian financial market.

CONCLUSIONS

Thus, the characterization of the current state of Russian bancassurance, carried out by us on the basis of a formalization of its structure, taking into account the variety of types of relations between banks and insurance companies, made it possible to determine that the key factor determining its development within the previous trajectory is the role of banks as recipients of cash flows, despite the fact that bancassurance does not play such a significant role for the functioning and development of the banking sector as it does for the insurance sector.

The digital transformation of bancassurance is mainly associated with the digitalization of intermediary relations between a bank, an individual client, and an insurance company, primarily because the main area of digitalization of finance is the interaction of financial institutions with individual clients. A quantitative assessment of the digitalization of bancassurance can be obtained using the corresponding digitalization indices, proposals for the construction of which at the conceptual level are formulated in this paper.

Due to its characteristics, bancassurance can be successfully integrated into ecosystems, both based on banks and technology

¹² Ecosystems: Approaches to regulation. Report of the Bank of Russia for public consultations. April 2021. URL: https://www.cbr.ru/Content/Document/File/119960/Consultation_Paper_02042021.pdf (accessed on 25.05.2021).

companies. However, the conditions for the development of ecosystems in the Russian market (first of all, the functioning of financial services according to a closed model, the involvement of financial organizations with traditional and platform business models in unequal competition, in which the latter have clear advantages) can lead to the fact that bancassurance, having dissolved into ecosystems, will lose its independence and significance for the development of the Russian financial market.

At the same time, the presented conclusions about the prospects for the development of Russian bancassurance are subject to discussion and further adjustment, taking into account the study of new issues in this problem area. Among the further prospects for work on the topic, we believe, can be indicated:

1) research on the mergers and acquisitions market in order to analyze changes in the ownership structure of banks and insurance companies;

2) research into intermediary relationships in corporate bancassurance, which, we believe, is less prone to involvement in the platform business model and, therefore, can maintain its independence;

3) expanding the quantitative analysis of bancassurance through:

a) involvement of micro-level data, and not only macroeconomic statistics; b) collection of detailed statistics on insurance payments;

c) analysis of the quantitative values of the bancassurance digitalization indices, and their dynamics, which together will make it possible to form a broader and more accurate description of bancassurance in the digital world;

4) studying the dynamics and indicators of the development of ecosystems in the Russian financial market in order to move from forecasting judgments to discussing real situations.

The theoretical significance of the study is that it develops approaches to the study of bancassurance and analyses the prospects for its development in the context of digitalization and the ecosystem approach. Using the example of bancassurance, the study shows how a cross-sectoral phenomenon that has emerged during the integration of various financial services can develop in the context of the integration of financial and non-financial services on a digital platform.

The practical significance of the results of the study lies in the possibility of using the proposed bancassurance digitalization indices to more accurately characterize its state in the digital world. The presented opinion on the prospects for the development of bancassurance in the digital world and ecosystems can be useful for managers and specialists of credit and insurance organizations in the framework of strategic planning and forecasting of their activities.

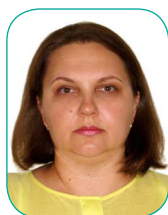
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