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Banks and Insurance Companies Needing to Adopt a Proactive Approach to Marketing: The Evolution of Bancassurance Toward Omnichannel, Embedded, and Personalized Distribution: Evidence from Kenya and Global Markets

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Abstract

Purpose: This paper examines the evolution of bancassurance from traditional branch-based cross-selling towards proactive, omnichannel, embedded, and personalized insurance distribution, with particular emphasis on Kenya and comparative evidence from global and Sub-Saharan African markets.

Methodology: Drawing on the Technology Acceptance Model and Relationship Marketing Theory, the study adopts a PRISMA-inspired systematic scoping review of academic, regulatory, and industry literature published mainly between 2019 and 2026. Evidence was synthesized thematically across global, regional, and Kenyan sources to identify patterns in distribution transformation, customer journeys, personalization, embedded insurance, and regulatory implications.

Findings: The findings show that bancassurance growth in Kenya coexists with persistently low insurance penetration, indicating substantial untapped potential. Digital banking infrastructure creates

opportunities for needs-based, data-driven distribution, yet success depends on seamless channel integration, product redesign for banking journeys, underwriting automation, responsible data governance, and end-to-end customer experience.

Unique Contribution to Theory, Practice and Policy: The advances a proactive marketing perspective that positions bancassurance as a continuous customer-engagement ecosystem rather than a static distribution channel. It offers practical guidance for banks and insurers on omnichannel and embedded models, and informs policy on digital disclosure, data protection, and collaborative industry standards.

Keywords: *Bancassurance; Omnichannel Distribution; Insurance Marketing; Embedded Insurance; Kenya; Regulatory Reform; Underwriting Automation*

JEL Codes : *G22, G21, G28, M31, O33, O55*

INTRODUCTION

Globally, banking and insurance distribution are undergoing significant transformation as digital technologies, changing customer expectations and new financial ecosystems redefine how financial products reach consumers. Bancassurance, traditionally understood as the distribution of insurance products through banks and their customer networks, has become an important component of this transformation. Its principal advantages include established customer relationships, cross-selling opportunities, shared distribution infrastructure and potentially lower distribution costs (Rubio-Misas, 2022). However, conventional branch-based bancassurance is increasingly giving way to digitally enabled models involving omnichannel, embedded and personalized distribution. The scale of this transformation is evident in global markets. McKinsey & Company (2025) reports that digital channels accounted for 28% of non-life insurance distribution through European bancassurance in 2022, compared with 14% in 2017, while digital insurance sales in Australia increased from 16% of premiums in 2019 to 31% in 2023. These trends demonstrate that the future of bancassurance increasingly extends beyond the physical bank branch to interconnected digital ecosystems.

Within this evolution, omnichannel distribution involves coordinating physical and digital channels so that customers can move seamlessly between mobile applications, websites, branches, call centres and advisers. Embedded insurance, in contrast, integrates insurance into the purchase or use of another product or service at the point at which the associated risk emerges. McKinsey and Company (2023) estimates that the Asian embedded-insurance market could reach approximately US\$270 billion in gross written premiums by 2030. Personalization further strengthens these models by applying customer and transactional data to identify the most relevant product, timing and communication channel. Proactive marketing instead anticipates customer needs using financial behaviour, life events, transaction patterns and other permitted customer information to deliver relevant solutions at appropriate moments. Global banking evidence indicates that combining the right offer, timing and distribution channel can produce conversion propensity almost 20 times higher than that of peers (McKinsey & Company, 2024). Data-driven personalization therefore creates an opportunity to transform bancassurance from passive cross-selling into continuous needs-based customer engagement. Nevertheless, this development also requires responsible data governance because customers' willingness to share information influences insurers' ability to provide personalized products and services (Schmidt et al., 2024).

This transformation is particularly relevant to Kenya, where a highly digitized banking system coexists with relatively low insurance penetration. Bancassurance gross written premiums increased from KES 19.5 billion in 2019 to KES 35 billion in 2023, representing growth of 79.4%, while its insurance distribution market share increased from 8.4% to 10% (Association of Kenya Insurers [AKI], 2024). Despite this growth, Kenya's overall insurance penetration remained only 2.44% in 2024, with total premiums of KES 395.30 billion (AKI, 2025). Low penetration is driven largely by the predominance of informal agricultural livelihoods and micro-enterprise activity, segments that often lack formal bank transaction profiles and therefore remain only partially reachable through conventional bancassurance channels. Digital and omnichannel approaches, especially when combined with mobile-money ecosystems, agent networks and embedded insurance at the point of everyday transactions offer a pathway to extend coverage beyond already-banked customers into these informal segments.

This paper therefore advances the proposition that banks and insurance companies operating within bancassurance partnerships must adopt a proactive rather than reactive approach to marketing. Operationally, proactive marketing is defined here as the systematic use of customer

data, behavioural signals and life-event triggers to anticipate insurance needs, present relevant offers through coordinated omnichannel or embedded touchpoints, and engage customers before an explicit request is made—while remaining within the boundaries of consent-based data governance and regulatory consumer-protection requirements. By clarifying this definition at the outset, the paper establishes the conceptual boundaries within which the subsequent literature review and analysis are conducted.

LITERATURE REVIEW

Theoretical Review

Technology Acceptance Model (TAM)

The Technology Acceptance Model (TAM) was developed by Fred Davis in 1989, drawing from the Theory of Reasoned Action developed by Fishbein and Ajzen (1975). Davis (1989) proposed TAM to explain and predict individuals' acceptance and use of information technology. The theory argues that technology adoption is primarily determined by two beliefs: perceived usefulness and perceived ease of use. Perceived usefulness concerns the extent to which individuals believe that using a particular technology will improve their performance, whereas perceived ease of use concerns whether the technology can be used with minimal effort (Davis, 1989). Subsequent proponents expanded the model. Venkatesh and Davis (2000), through TAM2, incorporated social influence and cognitive instrumental processes to explain perceived usefulness and technology adoption. Venkatesh and Bala (2008) subsequently developed TAM3 by integrating determinants of perceived usefulness and perceived ease of use and highlighting interventions that organizations can employ to enhance technology adoption.

Despite its extensive application, TAM has attracted criticism. Benbasat and Barki (2007) argued that excessive reliance on TAM diverted researchers from other important determinants of technology adoption and that numerous extensions had contributed to theoretical fragmentation. Turner et al. (2010), through a systematic literature review, further established that perceived usefulness and perceived ease of use were less consistently associated with actual technology usage than with behavioural intentions, raising questions regarding TAM's predictive capacity beyond intentions.

A further limitation arises in the context of embedded insurance ecosystems. Classical TAM assumes that a user intentionally evaluates a standalone technology before deciding to adopt it. In embedded insurance, however, the customer frequently purchases a primary good or service such as an airline ticket, a bank loan, a mobile-money transfer or a retail purchase where insurance is bundled invisibly or near-invisibly via APIs at the point of transaction. Adoption is therefore often passive, zero-click or low-friction rather than the result of deliberate cognitive evaluation. Under these conditions, the traditional constructs of perceived usefulness and perceived ease of use operate differently: usefulness is inferred from the relevance and timing of the embedded offer rather than from active appraisal of an insurance platform, while ease of use collapses into the near-absence of additional effort required to accept the cover. Consequently, TAM must be adapted for embedded environments by incorporating constructs such as contextual relevance, friction lessness, trust in the primary provider, and post-purchase awareness. Perceived usefulness becomes a function of how well the insurance address the risk inherent in the primary transaction, and perceived ease of use is redefined as the degree to which the customer experiences the cover as an automatic or one-tap extension of an already-accepted purchase journey.

Nevertheless, TAM remains essential to the present systematic review because the evolution of bancassurance towards omnichannel, embedded and personalized distribution still depends substantially on customer acceptance of technology-enabled insurance services. The theory provides a lens for synthesizing evidence concerning mobile bancassurance, digital platforms, embedded insurance, APIs and seamless omnichannel journeys. Specifically, it helps the review assess whether convenience, usefulness and ease of interaction encourage customers to progress through the bancassurance funnel from awareness and consideration to conversion, whether that conversion occurs through deliberate channel choice or through low-friction embedded acceptance. TAM therefore explains the technology-adoption dimension of proactive bancassurance marketing and clarifies why investment in digital distribution alone may be insufficient unless customers perceive the resulting channels, or the embedded offers within them, as useful, accessible and effortless.

Relationship Marketing Theory

Relationship Marketing Theory is principally associated with Leonard Berry, who introduced the concept of relationship marketing in 1983 within the services-marketing literature. Berry (1983) conceptualized relationship marketing as an approach concerned not merely with attracting customers but also with maintaining and enhancing customer relationships. The theory consequently shifted marketing thinking away from isolated transactions towards continuous, long-term customer engagement. An important subsequent development came from Morgan and Hunt (1994), who proposed the Commitment-Trust Theory of Relationship Marketing. They argued that successful relational exchanges depend fundamentally on trust and relationship commitment, which operate as key mediating variables leading to outcomes such as cooperation and successful long-term relationships. Palmatier et al. (2006) further demonstrated through meta-analysis that relationship-marketing activities influence performance through relational mediators, particularly commitment, trust and relationship satisfaction.

Relationship Marketing Theory has nevertheless been criticized. O'Malley and Tynan (2000) questioned whether relationship marketing principles developed principally within service and industrial contexts could be transferred straightforwardly to mass consumer markets, identifying unresolved conceptual, practical and empirical issues surrounding its expanded application. A further challenge arises in contemporary bancassurance environments characterized by hyper-automation, algorithmic decision-making and embedded distribution. Classical Relationship Marketing Theory relies heavily on relational mediators such as trust and commitment that are typically built through repeated interpersonal interactions between bank or insurance staff and clients. In zero-click or low-friction embedded models, and in highly automated omnichannel journeys, human touchpoints are minimized or eliminated. Trust must therefore be reconceptualized as algorithmically mediated rather than interpersonally generated. In these settings, trust is established and sustained through transparent data-governance practices (clear consent mechanisms, visible privacy controls and accountable use of customer information), reliable and frictionless claims processing, consistent delivery of relevant embedded offers, and demonstrable system integrity. Commitment, in turn, is signaled by the customer's continued acceptance of automated recommendations and by the provider's consistent fulfilment of algorithmic promises. Relationship satisfaction emerges from the perceived fairness, predictability and usefulness of the automated experience rather than from personal rapport.

Despite these adaptations, the theory remains central to the present review. It provides the theoretical basis for examining how customer data, personalization, timely communication,

embedded offers and coordinated omnichannel interactions can establish and maintain stronger bancassurance relationships, even when those relationships are largely mediated by algorithms and APIs. Within the marketing funnel, the theory is particularly relevant to conversion, retention and advocacy, where trust and continued engagement become critical. Thus, while TAM explains customers' acceptance of emerging bancassurance technologies (including passive or low-friction adoption), Relationship Marketing Theory explains how banks and insurers can use those technologies to cultivate algorithmically grounded trust, loyalty, retention and long-term customer value.

Literature Review

Recent global literature demonstrates that insurance distribution is moving from reliance on individual channels towards combinations of physical, digital and embedded channels. Barwitz and Maas (2020) investigated multichannel customer journeys within the motor insurance market to establish the determinants of customers' channel choices. The study adopted a quantitative cross-sectional design and obtained 338 valid responses through a web-based customer survey. Customer journeys were classified according to combinations of digital and personal channels, while multinomial logistic regression was used to identify factors influencing channel selection. The study established that customers frequently combined digital and personal channels during their insurance journeys. Digital channels were particularly important during information search, but customers often moved to personal channels when completing purchases. The findings demonstrate that digitization does not necessarily eliminate traditional channels but increases the importance of integrating them into seamless customer journeys.

Meyers and Van Hoyweghen (2020) examined data-driven personalization within motor insurance by investigating a Belgian insurer's experimentation with behaviour-based insurance. The study adopted a qualitative case-study approach involving an experiment with approximately 5,000 participants whose driving behaviour was monitored through smartphone technology. Semi-structured interviews and documentary evidence were analysed to understand how insurers developed personalized products from behavioural data. The findings showed that smartphones, behavioural data and analytics enabled insurers to progress from conventional risk classifications towards individualized pricing and customer propositions. However, successful personalization required considerable experimentation, technological capability and organizational learning. The study is relevant because it demonstrates that personalized insurance is not merely a marketing technique but depends on insurers' capacity to transform customer data into appropriate products and propositions.

These European studies reflect advanced digital infrastructures and strict GDPR-compliant regulatory ecosystems in which data protection, consumer consent and channel integration are already highly formalized. Kenya's financial landscape differs markedly: it is dominated by mobile-money ecosystems (particularly M-PESA), high mobile penetration and distinct regulatory oversight by the Central Bank of Kenya (CBK) for banking and payments and the Insurance Regulatory Authority (IRA) for insurance conduct and prudential matters. Consequently, while the European findings on multichannel integration and data-driven personalization remain conceptually transferable, their practical application in Kenya must account for mobile-first customer journeys, lower formal banking density in informal and agricultural segments, and a regulatory environment still evolving to accommodate embedded and API-driven distribution models. This contrast justifies the selective applicability of the European evidence while underscoring the need for context-sensitive adaptations.

Rubio-Misas (2022) investigated bancassurance and the coexistence of multiple insurance distribution channels within European markets. The quantitative study used longitudinal insurer-level data and applied cost- and profit-efficiency measures together with a Heckman two-stage random-effects regression model. The findings established that using banking channels improved insurers' cost efficiency, although distribution-channel choice did not significantly influence profit inefficiency. Importantly, the study found no universally optimal distribution channel; instead, different channels possessed comparative advantages in particular customer and product segments. Rubio-Misas (2022) therefore supports a flexible approach in which bancassurance operates alongside alternative distribution mechanisms rather than attempting to replace them completely. This finding is particularly relevant to contemporary omnichannel bancassurance, where branches, advisers, mobile applications and other digital platforms increasingly coexist.

Pham et al. (2022) examined customer adoption of insurance applications within a developing-market context. The study combined preliminary qualitative interviews with a quantitative customer survey. Ten insurance-app users and five developers/managers participated in the exploratory stage, while convenience sampling produced 209 questionnaires, of which 166 were valid for quantitative analysis. Cronbach's alpha, exploratory factor analysis, Pearson correlation and multiple regression were employed. The findings demonstrated that trust, perceived usefulness and perceived ease of use significantly influenced customer attitudes and intentions towards insurance applications. The study illustrates that future insurance distribution requires more than technological availability: platforms must also provide convenient, trustworthy and useful experiences capable of encouraging customers to adopt digital insurance services.

Within Sub-Saharan Africa, digitalization is increasingly associated with insurance-market development and financial inclusion. Sibindi (2022) investigated whether information and communication technology adoption influenced life-insurance market development in Sub-Saharan Africa. The study employed longitudinal secondary data and panel-regression techniques to analyse the relationship between ICT indicators and life-insurance development. The results established important relationships between technological adoption and insurance-market development and emphasized the potential contribution of fintech and insurtech to overcoming conventional distribution constraints. The study recommended ICT-friendly policies alongside appropriate insurance regulation to facilitate market development. For bancassurance, these findings suggest that African banks' increasingly sophisticated digital platforms could provide infrastructure through which insurance companies expand customer reach beyond conventional branches.

Similarly, Sodokin et al. (2022) investigated digital transformation, banking stability and financial inclusion using panel data covering 36 Sub-Saharan African countries from 2004 to 2017. The researchers applied simultaneous panel-model estimates to examine the relationships among technological transformation, banking stability and financial inclusion. Digital transformation and banking stability produced positive and statistically significant effects on financial inclusion, while the effect of digitalization became stronger when the banking sector was stable. The findings are relevant to bancassurance because they demonstrate the potential of established banking systems to serve as platforms through which digitally delivered financial products can reach broader populations.

FSD Africa (2022) examined insurance innovation and regulation across eight Sub-Saharan African markets: Ethiopia, Ghana, Kenya, Malawi, Nigeria, Rwanda, Uganda and Zimbabwe. The cross-country research synthesized evidence on insurance innovation, regulation,

consumer protection and market development. The study found persistent low insurance penetration and significant underserved populations, particularly rural households, informal workers and MSMEs. It further identified the challenge of balancing innovation-friendly regulation with consumer protection. These findings demonstrate that African bancassurance innovation must occur within regulatory structures flexible enough to facilitate new distribution models while safeguarding consumers.

In Kenya, Magati (2021) investigated the influence of distribution channels on life-insurance consumer purchasing behaviour, focusing on direct, bank-led, electronic and agency-led distribution channels at Britam Life Assurance. The study used primary customer data and quantitative statistical analysis to establish the influence of the different distribution approaches. Findings demonstrated that distribution arrangements influence consumer purchasing behaviour and that electronic and bank-led channels have become important alongside conventional agency distribution. The study therefore supports the integration of multiple customer touchpoints rather than dependence on a single insurance-distribution channel. Its limitation, however, lies in its focus on a single insurer and a relatively narrow set of channel categories, which restricts generalizability to the broader Kenyan market and to emerging embedded or fully omnichannel models.

Nyabera (2022) examined the influence of digitalization on insurance penetration in Kenya using a descriptive research design. The study specifically considered big-data technology, data storage and protection technology, and insurance communication technology as dimensions of digitalization. The research established the relevance of digital technologies to expanding insurance access and highlighted the importance of technological infrastructure in addressing Kenya's persistently low insurance penetration. While useful, the study remains largely descriptive and does not fully unpack the organisational or channel-integration mechanisms required for sustained performance gains.

Naggayi (2023) subsequently examined digitalization and operational performance among all 61 insurance companies operating in Kenya. A cross-sectional descriptive design was employed, with operations managers serving as respondents. Descriptive statistics and multiple regression were used in analyzing the data. Digitalization was positively related to operational performance, with 84.2% of variation in operational performance attributed to digitalization of policy-administration and procurement functions in the reported model. However, claims, underwriting, peer-to-peer processes and customer onboarding were not significant predictors, partly reflecting incomplete automation. This finding is particularly instructive: it reveals that Kenyan insurers have achieved only partial digital maturity. Core customer-facing and risk-assessment functions remain insufficiently integrated, indicating that superficial digitization of back-office processes is insufficient. True performance gains require deeper omnichannel integration that seamlessly connects front-end customer journeys (including mobile-money and embedded touchpoints) with automated underwriting, claims and service processes. Naggayi's results therefore strengthen the argument that banks and insurers must move beyond fragmented digital initiatives toward coherent, end-to-end omnichannel architectures capable of delivering both efficiency and customer-centric value.

Methodology

This study adopted a PRISMA-inspired systematic scoping review to examine the evolution of bancassurance towards proactive, omnichannel, embedded, and personalized insurance distribution, with particular emphasis on Kenya and comparative evidence from Sub-Saharan Africa and global markets. A scoping review was appropriate because contemporary bancassurance spans banking, insurance, marketing, and financial technology, with relevant

evidence distributed across academic, regulatory, and industry sources. The PRISMA framework enhanced transparency and consistency in identifying and selecting relevant evidence (Page et al., 2021).

The review followed four stages: identification, screening, eligibility, and inclusion. Literature was identified from Scopus, Web of Science, ScienceDirect, Emerald Insight, SpringerLink, Wiley Online Library, Taylor & Francis Online, and Google Scholar. These sources were complemented by institutional and industry publications from the Insurance Regulatory Authority (IRA), Central Bank of Kenya (CBK), Association of Kenya Insurers (AKI), Bancassurance Association of Kenya (BAK), FSD Africa, World Bank, and Swiss Re Institute. Searches combined terms including “*bancassurance*,” “*digital bancassurance*,” “*omnichannel insurance*,” “*embedded insurance*,” “*personalized insurance*,” “*health bancassurance*,” “*digital insurance distribution*,” “*automated underwriting*,” and “*proactive insurance marketing*” with geographical terms such as “*Kenya*,” “*Sub-Saharan Africa*,” and “*global*.”

The review primarily included literature published between 2019 and 2026, while earlier seminal studies were retained for theoretical grounding. Studies were included where they addressed bancassurance, insurance distribution, digitalization, personalization, embedded insurance, health insurance, customer relationships, or related regulatory developments and demonstrated sufficient methodological or institutional credibility. Duplicates, unverifiable sources, opinion-based publications, and studies unrelated to insurance distribution were excluded.

Selected evidence was organized into global, Sub-Saharan African, and Kenyan literature and analysed using integrative thematic synthesis. The synthesis identified recurring patterns concerning regulatory flexibility, omnichannel distribution, personalization and embedded insurance, health bancassurance, and technological flexibility. These themes provided the basis for interpreting the transition from traditional product-based bancassurance towards proactive and customer-centred distribution.

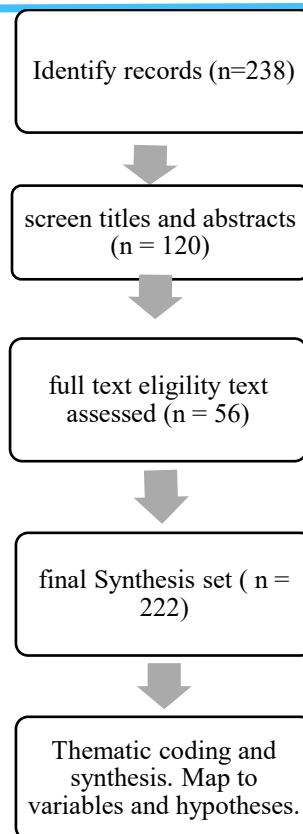


Figure 1: Screening Flow of Literature Analysis

Thematic Findings

Building the Future of Bancassurance Requires Foresight and Flexibility

Reviewed literature consistently showed that bancassurance can no longer be treated as a static arrangement in which insurance companies simply gain access to a bank's branches and customer database. Rather, bancassurance is becoming an evolving distribution ecosystem requiring banks and insurers to anticipate technological, regulatory and behavioural changes. Rubio-Misas (2022) demonstrates that although banking channels generate efficiency benefits, no single distribution mechanism is universally optimal. Different channels possess different comparative advantages, making flexibility an important characteristic of sustainable insurance distribution.

This need for foresight becomes particularly important when regulatory environments change. Across Sub-Saharan Africa, regulators face the dual responsibility of promoting insurance-market innovation while protecting consumers. FSD Africa's (2022) examination of eight African insurance markets revealed that low penetration persists despite considerable untapped demand, particularly among informal workers, rural populations and MSMEs. Regulatory systems must consequently facilitate innovation without weakening market integrity or consumer protection. In Kenya, this issue is particularly relevant following regulatory reforms affecting bancassurance intermediaries and the institutional arrangements through which banks participate in insurance distribution.

Foresight also concerns recognizing that the competitive advantage of banks extends beyond their physical branch networks. Banks increasingly possess customer transaction histories, mobile platforms, payment infrastructure, lending relationships and digital communication channels. These capabilities potentially enable banks and insurers to identify changing

customer needs much earlier than conventional insurance intermediaries. Rather than waiting until a customer enters a branch and requests insurance, proactive bancassurance can identify moments when protection becomes relevant, for example, when a customer takes a mortgage, purchases a vehicle, begins a business loan or makes international travel payments. The literature therefore suggests that the future competitiveness of bancassurance will depend partly on institutions' ability to anticipate rather than merely react to customer demand.

The Move to Omnichannel Distribution

The reviewed literature further showed the transition from multichannel availability to genuinely omnichannel distribution. Multichannel distribution means providing several channels through which customers can interact with an insurer, whereas omnichannel distribution requires those channels to operate as an integrated customer journey (Barwitz & Maas, 2020). A customer might therefore discover an insurance product through a mobile-banking application, obtain further information online, consult a bank adviser and eventually complete the purchase digitally without repeatedly providing the same information. Barwitz and Maas (2020) findings show that insurance consumers frequently combine digital and personal channels rather than relying exclusively on one channel. Digital platforms were important for searching for information, while human interaction remained influential during purchasing. This implies that the appropriate strategic response to digitization is not necessarily eliminating branches and advisers but connecting them effectively with digital platforms.

This has significant implications for bancassurance because declining branch dependency reduces the effectiveness of the traditional model in which bank customers encounter insurance representatives while conducting unrelated banking activities. Evidence from Sibindi (2022) found that ICT development has important implications for life-insurance-market development, while Sodokin et al. (2022) demonstrated positive relationships between digital transformation and financial inclusion across 36 Sub-Saharan African countries. Kenya is especially well positioned for this transformation because digital banking has become deeply embedded in everyday financial activity. However, omnichannel distribution should extend beyond acquisition. Digital and physical channels need to remain connected throughout policy servicing, claims, renewals and customer support. Kenyan evidence from Angima and Jebiwott (2022) indicates a strong positive relationship between claims digitalization and service delivery, with claims automation, audit controls and back-end claims management emerging as significant predictors. Thus, an effective omnichannel strategy must cover the entire customer lifecycle rather than simply digitizing the initial sale.

An important caveat concerns channel cannibalization and inclusive access. Aggressive migration toward digital and omnichannel models risks alienating traditional or older demographic segments that continue to prefer face-to-face interaction, paper-based processes or branch-based service. These customers, often characterized by lower digital literacy, limited smartphone access or established relational trust with branch staff, may experience exclusion or reduced satisfaction if physical channels are scaled back too rapidly. Institutions must therefore design omnichannel strategies that preserve inclusive access rather than simply substituting digital for physical touchpoints. This can be achieved by maintaining adequately staffed branches and agent networks as fully integrated components of the omnichannel architecture, offering assisted digital journeys in which advisers help customers navigate mobile or online platforms, and ensuring that data continuity allows a customer who begins a journey digitally to complete it in-branch (or vice versa) without friction or information loss. In the Kenyan context, where mobile-money ecosystems already bridge formal and informal segments, banks and insurers can further leverage agent banking and community-based

intermediaries to extend digital insurance offers while retaining human support for customers who require it. Inclusive omnichannel design thus balances efficiency gains with equity, ensuring that digital transformation expands rather than contracts the reachable customer base.

Beyond Traditional Bancassurance: Personalization and Embedded Insurance

The transition from standardized cross-selling towards personalized and embedded insurance was also another theme from reviewed literature. Meyers and Van Hoyweghen (2020), for example, demonstrated how smartphone-generated behavioural information could support individualized insurance propositions. The wider implication for bancassurance is substantial because banks already generate extensive information through customers' transactions, savings, borrowing and payment activities. Where legally and ethically permissible, such information can enable more precise identification of customers' insurance needs.

Embedded insurance moves this principle further by placing insurance directly within another transaction. Evidence from Swiss Re Institute (2023) describes embedded insurance as integrating insurance protection into the purchase of another product or service, bringing coverage closer to the point at which the underlying risk arises. Digitalization has enabled insurers to establish partnerships with financial and non-financial platforms and offer customized or white-labelled insurance products. Nevertheless, personalization introduces concerns surrounding privacy, consent, transparency and potential inappropriate use of customer data. Banks and insurers must therefore balance commercial personalization with responsible data governance. Without customer trust, increasingly sophisticated personalization may become counterproductive.

Buying Health Insurance at the Bank

The literature also points towards diversification of bancassurance beyond products traditionally linked to banking transactions. Credit life, mortgage protection and motor insurance have natural connections with lending, but emerging bancassurance models increasingly incorporate health, wellness and living-benefit products. This development is important because significant health-insurance gaps remain across Sub-Saharan Africa. Digital and alternative distribution models provide an opportunity to reach populations inadequately served by traditional employer-sponsored or intermediary-based insurance. Banks occupy a strategically useful position because they maintain continuing financial relationships with customers, including self-employed people, entrepreneurs and small-business owners who may not obtain health insurance through conventional employment arrangements.

The development of health bancassurance also changes the nature of the customer relationship. Unlike insurance products that become visible primarily when a claim occurs, contemporary health products can involve frequent customer interactions. Telemedicine, wellness applications, pharmacy services, health monitoring and preventive-care benefits create opportunities for continuous engagement. Bancassurance can consequently evolve from selling protection against an uncertain future event towards providing an ongoing service ecosystem. For banks, such services can strengthen the broader customer value proposition, while insurers benefit from access to established digital platforms and customer relationships. For customers, integration may simplify the process of discovering, purchasing and using health protection. However, effective health bancassurance requires careful product design because customers' health needs, affordability and coverage expectations differ substantially.

In the Kenyan context, any expansion of private health bancassurance must be situated within the evolving public universal health coverage (UHC) architecture. Kenya is currently transitioning from the National Hospital Insurance Fund (NHIF) model toward the Social

Health Authority (SHA) and related reforms under the Social Health Insurance Act, alongside ongoing National Social Security Fund (NSSF) contributions that form part of the broader social-protection landscape. These public frameworks aim to provide a baseline of mandatory or near-universal coverage. Private health bancassurance products can successfully co-exist with, and complement, this public architecture in several ways. First, they can offer top-up or complementary covers that address gaps in public benefits such as higher inpatient limits, specialized outpatient care, chronic-disease management, dental and optical benefits, or access to private-provider networks. Second, bancassurance channels can serve as convenient enrolment and premium-collection points for both public and private contributions, leveraging banks' digital platforms, mobile-money integrations and existing customer relationships to reduce friction. Third, wellness, telemedicine and preventive-care services embedded in private bancassurance offerings can reinforce public health objectives by encouraging healthier behaviours and earlier intervention. Successful integration, however, requires clear product demarcation, regulatory alignment between the Insurance Regulatory Authority (IRA) and the Social Health Authority, transparent communication to customers about the respective roles of public and private cover, and careful avoidance of adverse selection or crowding-out effects. When designed as complementary rather than competing solutions, private health bancassurance can expand overall protection while supporting Kenya's UHC goals.

The theme therefore reinforces the broader argument that proactive bancassurance should be needs-based rather than product-led. Instead of asking which existing insurance product can be sold to a bank customer, institutions should identify the customer's protection needs, taking into account both public entitlements and residual private gaps and determine how appropriate coverage and related services can be incorporated into the existing banking relationship.

Flexibility for the Future

From the reviewed literature, it is evident that omnichannel, personalized and embedded insurance cannot function effectively when banks and insurers operate fragmented legacy systems that cannot exchange information or modify processes quickly. Automation is particularly important in underwriting, onboarding, policy administration and claims. Naggayi (2023) found that Kenyan insurance firms had implemented digitalization only to a moderate extent and identified important differences across insurance processes. Although digitalized policy administration and procurement contributed to operational performance, areas including underwriting and customer onboarding remained constrained, partly because appropriate systems had not achieved full automation. Similarly, Angima and Jebiwott (2022) found that claims digitalization improved service delivery but remained incompletely implemented.

These findings indicate that digitizing the customer-facing interface without transforming underlying insurance processes may create a superficially digital system that remains operationally slow. A customer might apply for insurance through a mobile application but still experience manual underwriting, document submission or claims processing behind the interface. Genuine omnichannel bancassurance therefore requires end-to-end integration. Flexible technological architecture is equally important for embedded insurance because banking and insurance platforms must communicate in real time. The same flexibility is required organizationally. Banks and insurers must agree on data governance, product development, customer ownership, service responsibilities and performance measures.

Discussion of Findings

The findings have important practical implications for the future of bancassurance in Kenya. Bancassurance gross written premiums increased from KES 19.5 billion in 2019 to KES 35 billion in 2023, representing growth of approximately 79.4% (Association of Kenya Insurers

[AKI], 2024). At the same time, Kenya's insurance penetration remained only 2.44% in 2024 (AKI, 2025). This growth paradox—robust expansion of bancassurance premiums alongside persistently low national penetration—can be understood through the lens of Customer Touchpoint Evolution. Traditional branch-reliant cross-selling has begun to hit a structural ceiling because it depends on physical footfall: insurance conversations occur only when customers enter a branch for unrelated banking activities. As banking behaviour migrates rapidly toward mobile applications, USSD and online platforms, the dominant touchpoint architecture is shifting from infrequent physical interactions to continuous digital micro-moments. Customers now interact with their banks multiple times a day through brief, context-rich digital encounters—checking balances, transferring funds, applying for credit or paying bills. These micro-moments constitute the new primary sites of opportunity. Capturing the remaining penetration gap therefore requires banks and insurers to redesign distribution around these digital touchpoints rather than continuing to rely on declining branch traffic.

For licensed banks, the strategic value of bancassurance consequently depends on treating insurance as a significant component of the customer relationship rather than as an ancillary product occasionally introduced by branch staff. Kenyan banks already possess much of the infrastructure required to effect this transition. In 2024, 98% of surveyed banks had adopted mobile applications or USSD services, while 79% had adopted APIs and approximately 40% reported adoption of big-data and data-analytics technologies (CBK, 2025). The practical question is therefore how these technologies can be converted into insurance-distribution capability that operates within digital micro-moments. Banks should integrate insurance propositions into existing digital customer journeys instead of expecting customers to deliberately navigate to a separate insurance marketplace. A customer applying for vehicle financing, for example, presents an immediate opportunity to offer appropriately priced motor insurance within the same process. A mortgage application can similarly trigger property, mortgage-protection or life-insurance options, while international travel-related transactions can provide an appropriate context for travel insurance.

Second, insurers need to design products specifically for banking journeys instead of simply transferring products originally developed for agents and brokers into banks' digital channels. Embedded insurance is effective when the product is simple enough to understand, appropriately priced and capable of being issued with minimal interruption to the primary transaction. Underwriting automation is therefore critical. Kenyan insurers partnering with banks should identify products and customer segments for which underwriting decisions can be automated or substantially simplified (Angima & Jebiwott, 2022). Straight-through processing should become feasible for relatively standardized products where sufficient information is available and regulatory requirements permit it. Where additional assessment is necessary, digital journeys can be supplemented with telephone underwriting or specialist human assistance. The objective should not be to remove people entirely but to deploy human expertise where it adds value rather than requiring human intervention at every stage. The same principle applies after the sale. A customer who purchases insurance through a bank should not experience a seamless digital purchase followed by a completely disconnected claims process. This is what distinguishes genuine omnichannel bancassurance from merely selling insurance online. There is also considerable opportunity for product diversification, particularly in health and living-benefit insurance. Kenyan bancassurance has historically benefited from products naturally associated with credit, mortgages and motor financing. Bancassurance platforms could therefore offer appropriately designed health products supplemented by telemedicine, wellness support and other services. This would shift the relationship from occasional policy

selling towards continuous customer engagement and would support the relationship-marketing principles emphasized by Berry (1983) and Morgan and Hunt (1994).

Third, the Insurance Regulatory Authority (IRA), CBK, Office of the Data Protection Commissioner and industry bodies such as the Bancassurance Association of Kenya have an increasingly important role because digitization changes not only where insurance is sold but also how customers are identified, targeted and assessed. Traditional conduct requirements developed around physical sales need to remain effective when products are recommended automatically through mobile applications or embedded into another financial transaction. Embedded insurance must not become invisible insurance. Digital convenience should not reduce disclosure because embedded transactions can occur quickly, and digital distribution may require stronger mechanisms for demonstrating that customers received and understood material information. Personalization also raises data-governance concerns. Banks possess information that can make insurance offers significantly more relevant, but the availability of data does not automatically establish that every use of that data is appropriate. Maintaining trust is commercially important as well as legally necessary because customers who perceive personalization as surveillance may disengage from both the insurance proposition and the wider banking relationship. The findings additionally show a practical role for the Bancassurance Association of Kenya in establishing common industry standards. The association should facilitate standards for digital disclosure, embedded-insurance customer journeys, complaints handling, suitability assessment and service-level expectations between banks and insurers.

Ultimately, proactive bancassurance in Kenya should be managed through the complete awareness, consideration, conversion, retention and advocacy funnel—now operating predominantly within digital micro-moments rather than physical branch encounters. Only by aligning distribution architecture with the evolved touchpoint reality can the sector convert bancassurance growth into meaningful gains in overall insurance penetration.

Conclusion

As bancassurance continues to evolve in the wake of COVID-19, the winners will be those institutions that position themselves now. This will be possible through flexible tools, embedded product design, and adaptable underwriting technology to meet consumers where they are, rather than waiting for consumer behaviour to revert to pre-pandemic, branch-centred patterns. Kenya's 2022 regulatory reforms have narrowed the field of licensed bancassurance intermediaries, but the underlying global and regional evidence points toward continued, and potentially accelerating, importance of bank-distributed insurance. Therefore, banks and insurance companies that adopt a proactive, omnichannel, and increasingly embedded approach to marketing, extending into personalization, health and wellness benefits, and automated underwriting, will be best placed to capture this opportunity.

Implications for the Study

The study's implications underscore that sustainable bancassurance growth in Kenya requires a fundamental shift from branch-dependent cross-selling to proactive, omnichannel and embedded distribution aligned with digital micro-moments. Banks must integrate insurance into existing mobile and API-driven journeys, while insurers redesign simple, automatable products suited to low-friction banking contexts. Regulatory bodies (IRA, CBK and the Data Protection Commissioner) need to update conduct, disclosure and data-governance rules so that embedded offers remain transparent and trustworthy. Industry associations should develop shared standards for digital journeys and post-sale service. Health bancassurance can complement public UHC frameworks by offering top-up cover and wellness services.

Collectively, these changes position bancassurance as a vehicle for deeper insurance penetration, continuous customer engagement and inclusive financial protection rather than merely an ancillary sales channel.

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