DRIVERS OF CROSS-BUYING INTENTIONS OF BANK CUSTOMERS IN INDIA: A STRUCTURAL EQUATION MODELING (SEM) APPROACH

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ABSTRACT

Cross buying is the practice of purchasing additional products and services from existing sellers. However, wider customer acceptance is must for a seller to cross sell the additional products efficaciously. In this light the present study endeavors to find out the drivers of cross buying intentions of customers of different Public and Private sector commercial banks in India. The study will have great implications for bankers as it will enable them to have knowledge of the motivating factors (drivers) on the part of customers which in turn will result in fixed and new source of income for them.

KEYWORDS

Cross-buying, Bancassurance, Structural Equations Modeling

1. INTRODUCTION

Cross selling is the practice of promoting additional products and services to existing customers in addition to the ones a customer currently has (Butera, 2000). In addition to securing fee based income cross selling had gained momentum due to many other rewards knotted with it. Cross selling additional services to customers could reduce the need to spend money on customer acquisition (e.g. advertisement) and lead to a pricing advantage over competitors (Reichheld and Sasser, 1990). Moreover, the customer's knowledge of the service provider's service delivery processes lowers his/her resistance to the providers cross selling propositions. The firm also has a lower risk and liability exposure due to its knowledge of its customers (Ngobo, 2003). Finally, the more products and services a customer buys the longer s/he is likely to stay with the firm (Reinartz and Kumar, 2003).

Banks in India, thought of selling insurance along with banking services because their entrance into insurance business is only a natural corollary and is fully justified too, as 'insurance' is another financial service required and desired by the bank's customers. And moreover

Bancassurance income can be used to partly offset the interest reduction in a competitive lending environment.

The success of cross selling efforts depends on such factors as sales force training, incentives, promotional campaign, knowledge transfer between firm departments and team work. Cross selling also requires wider customer acceptance of cross buying different products and services from same service provider. It is unlikely to occur if customers are not willing to buy the products/services from the same service provider. Sometimes customers may not be ready to engage in relationship (Day, 2000) and ultimately to expand that relationship with a service provider (Benapudi and Berry, 1997). For some service categories, customers intrinsically develop multi brand loyalty (Jacoby and Chesnut, 1978). For example, in banking industry most households use two or more financial services. So, in this context, the primary idea of the study revolves around what are the drivers of cross buying intention on the part of the customers. This study will have great implications for bankers as it will enable them to have knowledge of the motivating factors (drivers) on the part of customers which in turn will result in fixed and new source of income for them.

In order to analyze the cross-buying intentions of the bank customers, the present paper has been divided into four sections. Including the present introductory one, the Section II presents the methodology applied to perceive the sources of cross-buying intentions of customers. The Section III contains empirical observations regarding the drivers of cross-buying intentions of the bank customer. The last section is concluding one and also incorporates some policy implications.

2. REVIEW OF LITERATURE

Flur, et al. (1997) verified the inference whether the banks can be a new channel to sell the insurance or not? The study observed trust of customers on bank and face to face contact of bank employees with customers as the significant factors influencing customers intention to cross buy the insurance products from their bank.

Verhoef, et al. (2001) analysed the impact of payment equity and satisfaction on cross-buying using a sample of 2018 customers. The findings of the study are i) effect of satisfaction on cross buying was significantly different for two customers categories with lengthy and short relationships; ii) payment equity was reported to have negative relationship with cross buying for customers with long relationship; and iii) difference between payment equity of focal and competing supplier reported to have significant positive effect on cross buying.

Ngobo (2004) explored drivers of cross-buying intention using two separate samples; first composed of 280 customers of a global retailer, while, second composed of 257 clients of different banks engaged in cross selling. Using simultaneous equation modeling (SEM), it has been observed that perceived convenience (i.e. the benefits of one stop shopping) and the image conflicts about service provider are the most important drivers of cross buying.

Tsung and Wu (2007) examined the impact of locational convenience, firm reputation, firm expertise and direct mailings on both customer retention and cross buying. Using SEM, the study observed that i) the number of products purchased from other firms negatively affects cross buying; ii) length of relationship with bank positively and significantly affects customer retention; iii) one stop shopping convenience affects both customer retention and cross buying. iii)

Locational Convenience impact customer retention significantly but cross buying insignificantly; iv) effects of firm reputation and firm expertise on customer retention and cross buying are positive and statistically significant; v) Direct mailings to customers significantly affects cross buying but don't impact customer retention.

Kumar, et al. (2008) took a sample of customers of a catalog retailer for the period 1997-2002. Regression analysis was applied taking cross buying as dependent variable. Independent variable consisted of Product returns, direct mailings, focused buying, cross promotions and demographics of customers. Out of these, average inter purchase time, ,ratio of product returns, focused buying and firm's marketing effort were identified as important drivers to cross buy.

Magdalini, et al. (2008) tried to examine some key variables influencing customer intention to buy additional products from the same bank. The four factors viz. satisfaction, perceived value, image of the bank, and trust have been taken to evaluate the drivers of cross buying intention under SEM framework. The findings envisage the facts i) trust of customers in the bank and image of the bank are positively and significantly impacting cross buying intention; and ii) satisfaction and trust positively impact the bank's image and hence also affect cross buying intentions indirectly.

Jeng and Su (2011) investigated the effects of convenience, trust, time consciousness and product knowledge on Customers' cross buying intentions. Interaction amongst these factors has also been examined using SEM on a sample of Taiwan's Bank customers. The execution of SEM substantiates the facts that convenience, trust and time consciousness positively affect customers' cross buying intentions. Moreover, trust and product knowledge observed to be moderating the relationships between convenience and cross buying intentions.

Jeng (2011) examined whether and how corporate reputation influences customers' cross buying intentions. The implementation of SEM confirmed the facts i) corporate reputation has a positive significant effect on service quality and information cost savings which itself have their impact on cross buying intentions; ii) corporate reputation has a significant and positive effect on trust that leads to effective commitment; and iii) effective commitment results in cross buying intentions.

Fan, et al. (2011) also endeavored to read the behavior of various factors in determining cross buying intentions among bank customers. The empirical observations supported the inference that i) factors such as payment equity and experience are most important factors followed by image, service convenience, interpersonal relationships and trust, product variety and pricing; and ii) the administrators were suggested to shift their efforts from product variety and pricing to payment equity and experience.

3. DATABASE AND METHODOLOGY USED

The primary data consisting of 551 bank customers of 20 major commercial banks offering bancassurance (10 each from public and private sector) have been used to analyze the drivers of cross buying intention among bank customers. The selection of the banks was done on the basis of average bancassurance income earned by them from 2009-10 to 2011-12; the banks reporting highest average income were selected for this study. The respondents are either having standalone

product or tied-up product. However, some of the exceptions are having both categories of products. A customer, purchasing either standalone or tied-up product, is said to be involved in cross-buying practices. Thus, there is a need to analyze the factors responsible for motivating the customers to purchase the insurance product and get involved in cross-buying practices. The structural equations modeling (SEM) based confirmatory factor analysis (CFA) has been utilized to identify the drivers of cross-buying intentions of the bank customers. The use of Confirmatory factor analysis (CFA) has been found suitable over the use of exploratory factor analysis (EFA) because in EFA, the factors, extracted on the basis of statistical explorations, may not be classified suitably under the appropriate category. Therefore, in management and social science research, the use of CFA is preferred because the category (or factor) of a set of variables is defined arbitrarily and then the reliability of the category is tested using some reliability tests such as Cronbach alpha. In present endeavor, some of the variables have been classified into arbitrary categories/factors on the basis of literature survey.

The model considers that there are four routes leading to formation of cross buying intentions. One is based on the assessment of current relationship with the service provider, second is the cross buying specific considerations (benefits attached with the cross buying) and third is the constraints that forces the customer to maintain his relationship with the service provider (Ngobo, 2004). Under the first category, Bank reputation, Trust, Overall Satisfaction (with the services other than insurance), Product quality and value (of the products provided by banks) are considered. However, the second category of cross buying specific considerations includes perceived convenience. Perceived Convenience is one of the most important benefits attached with one stop shopping (Seiders *et al.*, 2000; and Hall, 1999). The third category of constraint based maintenance includes Customers' intentions to cross buy affected by perceptions of switching cost. In addition to above three categories, another category deals with the customer perception regarding his product knowledge and time consciousness (Ngobo, 2004).

On the basis of op cit. literature, the following factors have been defined that motivated customers to cross buy insurance services from respective banks:

i) Locational Convenience – Locational convenience refers to the degree of a customers' perception of time and effort required to reach a service provider Seiders *et al.*, (2000). The existing studied have proved that Locational convenience is the primary determinant in bank selection as a customer's switching behavior may result from the inconvenience of the service provider's location (see Lee and Marlowe (2003), Howcroft and Beckett (1993), Keaveney (1995) and lam and Burton (2005) for details). Seiders *et al.* (2000) divided the convenience according to its four aspects: access, search, possession and transaction. However, in banking environment banks intend to provide their customers a variety of products that are capable of meeting one stop shopping needs and therefore, for this study only Locational convenience has been taken into consideration. Thus, the hypothesis that Locational convenience does not have its impact on cross buying intentionshas been tested against the alternative hypothesis that Locational convenience does have its impact on cross buying intentions;

ii) **Trust** –Based on Morgan and Hunt (1994) and Jeng and Su (2011), trust is defined as the level of integrity, honesty and competence that one party perceives in another. Trust is generally viewed as a critical element in the development of enduring desire to maintain a long term

relationship (see for evidences Donney and Cannon (1997), Johnson and Grayson (1999) Garbarino and Johnson (1999) and Coulter and Coulter (2003). Cross buying may create perceptions of risk and entail new purchasing decisions that involve high uncertainty. As such, when customers will perceive the service provider trustworthy the uncertainty will reduce. Johnston and Madura (2000) and Lymberopoulous *et al.* (2004) also supported the argument that banks are usually perceived by customers to have integrity and honesty, which would enhance their opportunities to cross sell products. Therefore, the hypothesis that Trust does not have its impact on cross buying intentions has been tested against the alternative hypothesis of significant effects of Trust on cross buying intentions;

iii) **Bank Reputation-** The literature has also examined the positive role of firm reputation on trust (see e.g., Donney and Cannon (1997), Johnson and Grayson (1999), Coulter and Coulter (2003), Dowling (2004) and Jeng, Shih Ping (2011)). Firm's reputation positively affects customers' assessment of the trustworthiness of a service provider because service providers with good reputation are always perceived to maintain high standards of quality to maintain its reputation (Johnson and Grayson (1999). A good reputation easily transfers across buyers and thus enhances the credibility of supplier (Anderson and Weitz, 1989). Thus, consistent with the findings of aforementioned studies, the hypothesis that a corporate reputation does not affect customers' trust in a company has been tested against the alternative that a corporate reputation positively affects customers' trust in a company;

iv) **Time Consciousness** –Time consciousness refers to the extent to which consumers are aware of passing of time and how they spend it (Kleijnen *et al.*, 2007; and Jeng and Su, 2011). As consumers' time consciousness becomes lower, the relationship between convenience and cross buying intention will diminish. Thus, time consciousness is hypothesized to affect locational convenience positively on a-priory grounds. Therefore, the hypothesis that time consciousness has no impact on locational convenience has been tested against the alternative of significant impact of time consciousness on locational convenience;

v) **Product Knowledge** – Knowledge about the products offered by bank is related with the customers' perception of the amount of information they have stored in their memory (Flynn and Goldsmith, 1999; and Jeng and Su, 2011). On *a-priori* grounds, product knowledge affects locational convenience positively consequently affecting cross buying positively. Thus, the hypothesis that product knowledge does not affect convenience has been tested against the alternative of its significant affect;

vi) **Switching Cost-**The relationship between switching cost and cross buying intentions is not straight forward; however, Bendapudi and Berry (1997) suggest that customers willingness to maintain and expand the relationship will depend upon the reason why they maintain that relationship. Customers perceiving significant switching cost should be more disposed to stay and ultimately expand the relationship with the current service provider (Gremler et al. 2001; Liljander and Strandvik, 1994). Therefore, the perceived switching costsare hypothesized to be positively associated with cross buying intentions;

vii) **Product Quality and Value-**Many studies report a positive association between product quality, perceived value and cross buying intentions. Some of these studies are Boulding *et al.*

(1993), Biong (1993), Taylor and Baker (1994), Cronin *et al.* (2001), Lee and Cullingham (2001), Chaing and Wildt (1994), Varki and Colgate (2001) and Ngobo (2004). Many authors suggest that consumers sometimes become so comfortable with the provider services that they avoid a change for fear that the new provider will operate differently (Liljander and Strandvik, 1995; and Bendapudi and Berry, 1997). If so, then, positive service experiences should be related to perceived switching cost. Hence, the alternative hypothesis that higher the product value higher the switching cost has been verified with the null hypothesis that product value does not affect switching cost; and

viii) **Overall Satisfaction-** The covariates of this factor represent satisfaction level of the customer from services already availed by the customers excluding insurance services. It is expected on a-priori basis that the satisfaction from existing services will enhance the trust of customer in his/her bank and therefore, act as a driver to cross buy the new insurance products. Thus, the alternative hypothesis that overall satisfaction significantly affects trust of customer and consequently encourage cross buying has been tested.

Given the aforementioned information, the reliability of all of above categories has been tested using the Cronbach alpha reliability test statistics. Table 1 provides reliability test statistics Cronbach alpha along with the values of standardized alpha. Reliability is defined as "an assessment of the degree of consistency between multiple measurements of a variable" (Hair et al. 2006). Cronbach Alpha has been the most common tool to measure reliability. However, other measures such as average variance extracted, composite reliability are becoming the other measures used from Confirmatory Factor Analysis. Nunnally and Berstein (1994) indicated that the measurement instrument is reliable if the Cronbach Alpha is or above 0.70. Sekaran (2000) confirmed the Cronbach Alpha measure above 0.70 indicates that the measurement instrument has the internal consistency reliability. The Cronbach's alpha range from 0.60 to 0.99 for the variables in the questionnaire used for the study implies that the instrument is reliable. Flynn, et al. (1994) argued that a Cronbach's alpha of 0.6 and above was considered an effective reliability for judging a scale. However, as per Hair et al. (2010), the generally agreed lower limit for Cronbach's alpha may decrease to 0.60 in exploratory research. Thus, a value of 0.60 has been considered as satisfactory lower limit of alpha and a value greater than 0.60 represent that the classified category of component variables accurately represent the responses of respondents. Table-1 provides the values of Cronbach alpha, obtained for the factors representing the customer's responses to different drivers of cross buying intentions. It can be observed from the purview of Table-1 that the standardized alpha for all the aforementioned categories is desirable. The standardized value of alpha is above 0.7 except three categories of Locational convenience, Overall satisfaction from services other than insurance, and Switching Cost. However, even for these three categories, the standardized alpha above 0.60 is satisfactory.

Table 1: Reliability Statistics for Categories of Drivers of Cross-buying Intentions of Bank Customers			
Classification Category/ Latent	Content Variables of Latent Category	Cronbach Alpha	Standardized Alpha
Locational and One Stop Shopping Convenience	My bank can satisfy majority of my needs. My bank provides a wide selection of financial products to choose from. My bank provides one stop shopping to fulfill my needs. I economize on time if I could have everything at the same place. I enjoy having single provider. I appreciate having my accounts and insurance policies at the same place.	0.5339	0.6837
Trust	My Bank can be relied upon to keep its promise. My bank puts the customer interest first. My Bank usually keeps the promises that it makes to me. I can count on my bank to provide a good service.	0.7906	0.7913
Time Consciousness	I often think about how I am using my time. I prefer to 'Plan in advance' what tasks I need to do. I like to 'Make to do' lists to help sequence my activities. I often combine tasks to optimally use my time.	0.8079	0.8079
Product Knowledge	I know pretty much about bank products offered by my bank. When it comes to bank products, I think I know a lot. Compared to most other people, I know better about bank products.	0.7229	0.7229
Bank Reputation	My bank is highly regarded in the banking industry. My bank is professional. My bank is successful in its operations. My Bank is well established. My Bank is stable.	0.8311	0.8296
Product Quality and Perceived Value	My Bank considers my best interest. My bank offers the Insurance products I can trust. My Bank informs its customers appropriately regarding the features of the insurance products. My bank offers high quality products. Service quality is good given the prices. My bank can do more given its prices. My bank is not expensive compared to its competitors.	0.6780	0.7825
Overall satisfaction from services (Other than Insurance)	I am always enchanted by the quality of other services provided by my bank. Overall, I am satisfied with my bank. My bank has always met my expectations.	0.6629	0.6827
Switching cost (I am sticking to this Bank because)	I don't want to make long distances. I will find it hard to get a better bank. I fear to lose the benefits offered by this bank.	0.6352	0.6463
Source: Author's calculations			

Thus, given the reliable grouping of variables, a CFA model has been portrayed in Appendix Figure 1. The figure has been designed with eight factors. The circles represent the latent variables and path connecting latent represent effect of latent on the variable under evaluation. Using the aforementioned categories, the model given in Appendix Figure 1 has been executed using the method of generalized least square (GLS). The method of GLS has been preferred because of the possibility of heteroscedasticity in any one of the specified equations. Thus, the

weighted least square or GLS is most suitable method to find out the solution of Structural Equation Model (SEM) with cross-section data.

4. EMPIRICAL ANALYSES

The estimation of the model given in Figure 1 provides a large number of Goodness of fit test statistics amongst which χ^2 test, RMSE, GFI, AGFI, SRMR and RMSEA are most important statistics. It is worth mentioning here that in SEM, χ^2 test statistics is a measure of poorness of fit rather than goodness of fit. Generally for over identified models, a high value of χ^2 is observed and for exactly identified models, its value converges to zero. Therefore, the use of χ^2 as a measure of Goodness of Fit has been challenged in the literature on SEM. It has been argued that the over identification of model is not a problem rather it offers multiple solution and the research need to select the best possible solution. Therefore, a limit of χ^2 has been defined by which it must not be larger than three times of its degree of freedom. Thus, χ^2 statistics divided by its degree of freedom must be less than three.

Table 2 provides the Goodness of fit statistics along with their suggested values. It has been observed that the χ^2 statistics is under control as the ratio of χ^2-statistics to degree of freedom is less than the specified limit of three. Furthermore, SRMR and RMSEA are below the specified limit and thus, satisfy the Goodness of Fit criteria. The GFI and AGFI statistics lie between 0 and 1; a value close to 0 means poor fit and a value near unity represent good fit. Although, the values of GFI and AGFI are just less than 0.9, the theoretical requirement of near unity has been satisfied by both of these statistics.

Given the goodness of fit statistics, the SEM specified in Figure 1 is found acceptable and therefore estimation is done using the method of GLS. Table 3 provides both standardized and unstandardized estimates of model parameters. The standardized estimates are said to be the regression weights that estimate one standard deviation change in dependent variable due to one standard deviation shock in independent variable. However, the simple estimates provide information on change in dependent variable due to change in independent variable. The standard error, *t-statistics* and *p-values* have been computed for the simple unstandardized variables. A positive coefficient explains that one point change in independent variable will change the dependent variable in same direction, whereas, a negative coefficient reflects that the dependent variable will change in opposite direction. Moreover, the standardized path coefficient also reflects the factor loading that represents the correlation of each component variable with factor/latent variable; higher the coefficient, higher the correlation of component variable with factor.

Table 2: Summary of Fit Indices of the Model							
Fit Indices	χ^2	d.f.	$\chi^2/d.f.$ ratio	GFI[#]	AGFI[#]	SRMR	RMSEA
Value Obtained	1234.127 (0.000)	541	2.281	0.872	0.851	0.070	0.048
Suggested Value	--- (>0.05)	----	<3	> 0.9	> 0.9	< 0.080	< 0.070
Notes: i) In case of SEM χ^2 statistics is an indicator of badness of fit and its value is high for over identified models thus, it must be statistically insignificant for exactly identified models; ii) [#] GFI and AGFI lie between the range of 0 and 1 and value near 1 is suggested.							
Source: Author's Calculations							

The thorough analysis of Table 3 represents that Product quality and perceived value of product is the most significant driver of cross buying intentions. It is worth mentioning here that eight latent variables explain 60.4722 percent of total variation, whereas, the 39.5278 percent variation remains unexplained. Out of the 60.4722 percent explained variation, the latent of Product quality and perceived value explains the highest 12.0267 percentage of explained variation. Therefore, the latent Product quality and perceived value of product appears to be the most significant factor in explaining drivers of cross buying intentions.

The cause of highest variation explained by Product quality and perceived value of product is its significant effect on other latent variables namely, Overall-Satisfaction, Product Knowledge, Time Consciousness and Switching Cost. Among these regressands of Product quality and perceived value of product, three (except Switching Cost) appear to be independent variables in modeling their effect on latent variables Locational convenience and Bank reputation with significant positive coefficients

Table 3: Parameters Estimates of Structural Equation Model (SEM)						
Dependent Variable	**Independent Variable**	**Standardized Estimates**	**Estimate**	**S.E.**	**t-statistics**	**P-value**
Eq1: Inter-factor Relationships						
TimeConsciousness	Product Quality and Value	.853	1.017***	.133	7.656	.000
OverallSatisfaction	Product Quality and Value	.945	1.196***	.152	7.852	.000
ProductKnowledge	Product Quality and Value	.899	1.041***	.145	7.188	.000
LocationalConvenience	Time Consciousness	.350	.295***	.072	4.095	.000
LocationalConvenience	Product Knowledge	.567	.492***	.094	5.233	.000
BankReputation	Overall Satisfaction	.837	.871***	.104	8.343	.000
Trust	Locational Convenience	.972	1.418***	.228	6.220	.000
Trust	Bank Reputation	.261	.291***	.111	2.623	.009
SwitchingCost	Product Quality and Value	.674	.717***	.113	6.338	.000
Trust	Overall Satisfaction	-.243	-.282	.199	-1.413	.158
L1: Summary of Latent Product Quality and Perceived Value (12.0267)						
My Bank considers my best interest.	Product Quality and Perceived Value	.590	1.000	n.a.	n.a.	n.a.
My bank offers the Insurance products I can trust.	Product Quality and Perceived Value	.654	1.203***	.143	8.423	.000
My Bank informs its customers appropriately regarding the features of the insurance products.	Product Quality and Perceived Value	.694	1.268***	.149	8.509	.000
My bank offers high quality products.	Product Quality and Perceived Value	.793	1.447***	.183	7.917	.000
Service quality is good given the prices.	Product Quality and Perceived Value	.296	.532***	.120	4.417	.000
My bank can do more given its prices.	Product Quality and Perceived Value	.624	1.111***	.153	7.243	.000
My bank is not expensive compared to its competitors.	Product Quality and Perceived Value	.718	1.321***	.154	8.551	.000
L2: Summary of Latent Trust (11.3250)						
My Bank can be relied upon to keep its promise.	Trust	.788	1.000	n.a.	n.a.	n.a.
My bank puts the customer interest first.	Trust	.702	.823***	.074	11.190	.000
My Bank usually keeps the promises that it makes to me.	Trust	.703	.794***	.083	9.541	.000
I can count on my bank to provide a good service.	Trust	.647	.773***	.079	9.744	.000

Dependent Variable	Independent Variable	Standardized Estimates	Estimate	S.E.	z-statistics	P-value
L3: Summary of Latent Overall Satisfaction (5.8718)						
I am always enchanted by the quality of other services provided by my bank.	Overall Satisfaction	.704	1.000	n.a.	n.a.	n.a.
Overall, I am satisfied with my bank.	Overall Satisfaction	.521	.765***	.089	8.619	.000
My bank has always met my expectations.	Overall Satisfaction	.728	1.025***	.094	10.956	.000
L4: Summary of Latent Switching Cost (7.3301)						
I don't want to make long distances.	Switching Cost	.597	1.000	n.a.	n.a.	n.a.
I will find it hard to get a better bank	Switching Cost	.397	.657***	.126	5.197	.000
I fear to lose the benefits offered by this bank.	Switching Cost	.268	.446***	.158	2.825	.005
L5: Summary of Latent Product Knowledge (7.2266)						
I know pretty much about bank products offered by my bank.	Product Knowledge	.709	1.000	n.a.	n.a.	n.a.
When it comes to bank products, I think I know a lot.	Product Knowledge	.729	1.067***	.164	6.521	.000
Compared to most other people, I know better about bank products.	Product Knowledge	.811	1.239***	.175	7.078	.000
L6: Summary of Latent Time Consciousness (8.5511)						
I often think about how I am using my time.	Time Consciousness	.668	1.000	n.a.	n.a.	n.a.
I prefer to 'Plan in advance' what tasks I need to do.	Time Consciousness	.727	1.053***	.089	11.831	.000
I like to 'Make to do' lists to help sequence my activities.	Time Consciousness	.807	1.190***	.116	10.231	.000
I often combine tasks to optimally use my time.	Time Consciousness	.695	.982***	.106	9.273	.000
L7: Summary of Latent Locational Convenience (4.3139)						
My bank can satisfy majority of my needs.	Locational Convenience	.558	1.000	n.a.	n.a.	n.a.
My bank provides a wide selection of financial products to choose from.	Locational Convenience	.569	.981***	.115	8.559	.000
My bank provides one stop shopping to fulfill my needs.	Locational Convenience	.546	.981***	.112	8.731	.000
I economize time if get everything at same place.	Locational Convenience	.253	.464***	.108	4.282	.000

Dependent Variable	Independent Variable	Standardized Estimates	Estimate	S.E.	t-statistics	P-value
I enjoy having single provider.	Locational Convenience	.304	.583***	.108	5.384	.000
I appreciate having my accounts and insurance policies at the same place.	Locational Convenience	.729	1.346***	.157	8.547	.000
L8: Summary of Latent Bank Reputation (3.8271)						
My bank is highly regarded in the banking industry.	Bank Reputation	.760	1.000	n.a.	n.a.	n.a.
My bank is professional.	Bank_Reputation	.761	1.034***	.078	13.319	.000
My bank is successful in its operations.	Bank_Reputation	.778	1.047***	.091	11.533	.000
My Bank is well established.	Bank_Reputation	.575	.734***	.086	8.549	.000
My Bank is stable.	Bank_Reputation	.802	1.115***	.081	13.810	.000
Notes: i) *n.a.* represents not available; ii) 0.000, **, and * represent significant at 1, 5 and 10 percent level of significance, respectively; and iii) Figures in parenthesis of type ( ) explain the percentage of variation explained by the factor.						
Source: Author's Calculations						

Two latent variables namely, Time consciousness and product knowledge affect Locational convenience positively and significantly, whereas, the effect of latent of Overall Satisfaction from existing products is significantly positive. In other words, out of eight factors, four factors are directly affected by Product quality and perceived value of product while, two others are affected indirectly by the same latent. Therefore, given its effectiveness on six out of eight latent variables, the factor Product quality and perceived value had to appear as most significant driver of cross-buying intentions.

Further, the analysis of component variables of the latent Product quality and perceived value reveals that bank's habit to offer quality products at low rates affects the latent under evaluation with highest factor loading (i.e., standardized estimates) of 0.793 and 0.718, respectively. Moreover, the component variables namely, appropriate information delivery, trust worthiness of insurance product, and bank's practice to provide more services at existing charges are positively and significantly affecting the latent Product quality and perceived value with factor ladings 0.694, 0.654, and 0.624, respectively. The remaining two components i.e., better service quality at existing prices and due consideration of customer's interest are also positively and significant drivers of Product quality and perceived value with factor loadings 0.590 and 0.296 and zero *p-values*, respectively.

The second most significant factor is Trust that explains 11.3250 percent variation in data set and observed positively and significantly associated with latent variable namely, location convenience, bank reputation and overall satisfaction of customer from existing products. The latent trust has been formed as a proxy of four component variables representing the expectation about keeping the promises done, protecting the customer interest on priority basis, ability of bank to keep the promise and quality of service delivery. Higher value of standardized estimates represents more importance of the component variable under evaluation and *vice-versa*. Thus, the overall analysis of the second major source of variation Trust represents that the customers can be motivated to buy bancassurance via improvement in trust either by improving the component

variables or factor sources namely, location convenience, bank reputation and overall satisfaction of customer from existing products.

The third highest variation to the tune of 8.5510 percent in explaining the drivers of cross buying intention among bank customers has been explained by the latent time consciousness. In Inter-factor relationship, Time consciousness significantly affects locational convenience that appears to be an independent variable of trust. Given Trust as second most important source of cross buying intentions, time consciousness appear to be the third largest source of cross-buying intentions. It is worth mentioning here that the factor Time consciousness represents customers' perception regarding usage of his/her time. The analysis of component variables of time consciousness reveals that the customers' habit to sequence the activities and advance planning are the most significant determinants of time consciousness with factor loadings above 0.7. The remaining two significant determinants are task combining and introspective behavior of customer about time utilization.

Switching cost and Product Knowledge are two latent variables explaining almost equal variations to the tunes of 7.33 and 7.23 percent, respectively. The latent switching cost also represents customers' perception about the real cost incurred in changing the bank for purchase of insurance product. As discussed above that Switching cost depends positively and significantly upon the latent of Product quality and perceived value. A high quality of Product and perceived value will strengthen the barriers to shift to other service provider and thus, act as a source of motivation to buy bancassurance. The analysis of component variables of switching cost reveals that distance from bank, weak expectation regarding another better service provider and fear to lose the benefits offered by the existing service providers are positively and significantly affecting switching cost with factor loadings 0.597, 0.397 and 0.268, respectively. Another aforementioned latent variable Product Knowledge appears to be affecting Locational convenience positively and significantly while observed to be dependent on Product quality and perceived value. The product quality and perceived value is also affecting Product knowledge positively and significantly. Hence, perceived value of product is important to enhance product knowledge and motivate customers to cross buy the insurance products.

Another latent explaining above 5 percent variation is Overall satisfaction from existing products that explains 5.871 percent variation in dataset. Meeting all customers' expectations by the bank and captivation from the existing services are most important component variables with factor loadings 0.728 and 0.704, respectively. However, the third component overall satisfaction from existing services with factor loading 0.521 is positively and significantly associated with latent Overall satisfaction from existing products.

The remaining factors Locational convenience and Bank reputation are comparatively less significant explaining less than 5 percent variation in model explaining drivers of cross-buying intentions. The Locational convenience is appearing to be dependent on Time consciousness and Product knowledge and its significant and positive impact on second most important source of variation Trust cannot be ignored. Thus, locational convenience cannot be ignored while any policy formations to encourage cross buying intentions among bank customers. Another latent with less than 5 percent variation is Bank reputation. Though, explained variation is less enough, the latent Bank reputation is significant source of Trust. Hence, Bank reputation need to be improvised to encourage cross-buying intentions among bank customers. The analysis of the

weights of each component variables reveals that bank stability, bank's success in its operations, professional attitude of bank, and regard of bank in industry are the major components of bank reputations with factor loadings above 0.7. The remaining component nature of establishment explaining financial status of bank is also positively and significantly associated with Bank reputation with factor loading 0.575.

5. SUMMARY, CONCLUSIONS AND POLICY IMPLICATIONS

The present study is an endeavor to analyze the drivers of cross-buying intentions among bank customers. The analysis is important to detect the motivational factors that lead bank customers to cross buy the bancassurance. The confirmatory factor analysis (CFA) has been used to model the drivers of cross buying intention under structural equations modeling framework (SEM). The SEM has been designed using inter factor relationship paths. These paths have been drawn on the basis of theoretical and statistical requirements; theoretical need of path has been observed by literature survey while statistical requirement ofpath has been identified using modification index. The SEM has been estimated using the method of Generalized Least Square (GLS) to get the answer of the following alternative hypotheses: i)Locational convenience positively and significantly affect cross buying intentions; ii) Trust positively affects cross buying intentions; iii) a corporate reputation positively and significantly affect customers' trust in a company and thus, motivate him/her for cross buy the products; iv) time consciousness positively and significantly affect locational convenience; iii) product knowledge positively and significantly affect locational convenience; iv) perceived switching costs positively and significantly associated with cross buying intentions; v) higher the product value higher the switching cost; and vi) overall satisfaction positively and significantly affects trust of customer and consequently encourage cross buying has been tested.

The analysis of the estimated model parameters confirms the validity of all aforementioned hypotheses except the last one for which the null of insignificant impact of overall satisfaction on trust cannot be rejected. The analysis also approve the fact that any policy formation to induce bank customers to cross buy insurance product must initially improve the Product quality and perceived value of insurance products. The finding is in the light of the fact that Product quality and perceived value has been observed most important driver of cross-buying intentions. Further, Trust has been observed second most important source of cross buying intentions. Therefore, banks need to put more and more efforts to gain the trust of their customers to sale large quantity of insurance products.

Time consciousness also play major role in inducing customers to cross buy insurance products under the structure of above said hypotheses. Thus, the planners need to consider the time conscious behavior of customers and try to provide various quality insurance products under single ridge at competitive prices. The availability of all quality products will increase the switching cost of consumer and thus encourage him/her to cross buy insurance product. Similarly, the spread of knowledge/awareness will help customers to know about bancassurance and cross buy the insurance products. The banks will also have to work upon the satisfaction of customers from existing products. If customers are satisfied from already purchased products then only they will cross buy the insurance products. If customer is time conscious then he/she will prefer locational convenience too. Thus, banks will have to provide easy access to its customers so as to

encourage them to cross buy the insurance products. Last but not least the banks will have to maintain their reputation so as to improve the trust of its customers and encourage them to cross-buy the insurance product.

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Appendix Figure 1: Structural Equations Model (SEM) Estimated to Explain Drivers of Cross-Buying Intention

Source: Author's Elaborations