

# Forensic Analysis of Bancassurance Marketing and Audit Clarity in Bangladesh

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## Abstract

Bancassurance, the collaboration between banks and insurance companies, has gained significant traction in Bangladesh as a strategic avenue for financial institutions to diversify revenue streams. However, the sector faces challenges regarding transparency, regulatory compliance and audit effectiveness. This study conducts a forensic analysis of bancassurance marketing strategies and the clarity of audit mechanisms in Bangladesh, aiming to identify potential risks, ethical concerns and financial misstatements. The research employs a mixed method approach, incorporating financial data analysis, regulatory review and expert interviews to assess marketing practices and audit procedures. Findings indicate that while bancassurance enhances financial inclusion and accessibility, discrepancies in commission structures, misrepresentation of policies, and insufficient audit oversight pose risks to consumer trust and financial stability. Moreover, gaps in regulatory enforcement contribute to inconsistencies in reporting and internal control weaknesses. This study underscores the need for stronger forensic audit frameworks, improved compliance measures, and enhanced transparency in bancassurance operations. Strengthening oversight mechanisms will not only improve audit clarity but also bolster stakeholder confidence in Bangladesh's financial sector.

## Keywords

Bancassurance, Forensic Analysis, Marketing Strategies, Audit Clarity, Financial Transparency, Banks & Insurance, Audit Mechanisms, Bangladesh Bank, Consumer Trust, Financial Stability, Bancassurance Operations

## 1. Introduction

The integration of banking and insurance, commonly known as bancassurance,

has emerged as a crucial financial service in Bangladesh, offering convenience to customers while expanding revenue streams for financial institutions. However, the rapid growth of this sector has raised concerns regarding transparency, ethical marketing practices, and compliance with regulatory standards. Forensic analysis plays a critical role in evaluating the integrity of bancassurance marketing strategies and ensuring adherence to financial and legal frameworks. This study aims to examine the forensic aspects of bancassurance marketing in Bangladesh, identifying potential risks such as misrepresentation, fraud, and unethical selling practices. Furthermore, the research explores the role of audit clarity in strengthening financial accountability and regulatory compliance in bancassurance operations. By analyzing marketing strategies, audit reports, and regulatory interventions, this study provides insights into improving governance, minimizing financial misconduct, and fostering consumer trust in the bancassurance sector.

Bancassurance, the collaboration between banks and insurance companies to distribute insurance products, has gained significant traction in Bangladesh's financial landscape. This strategic partnership allows banks to leverage their extensive customer base while providing insurance companies with a broader distribution network. Despite its growing importance, the effectiveness and ethical dimensions of bancassurance marketing in Bangladesh remain underexplored. A forensic analysis of bancassurance marketing in Bangladesh is crucial to understanding the industry's transparency, regulatory compliance, and customer impact.

This study investigates the marketing practices, regulatory framework, and potential fraudulent activities within bancassurance. Key areas of concern include misrepresentation, aggressive sales tactics, and regulatory loopholes that may be exploited, leading to financial risks for consumers.

Bangladesh Bank and the Insurance Development & Regulatory Authority (IDRA) oversee bancassurance, yet challenges persist in ensuring compliance with ethical and legal standards. By critically analyzing marketing strategies, customer experiences, and regulatory interventions, this study aims to uncover inconsistencies and propose measures to strengthen consumer protection. This forensic analysis is essential for policymakers, financial institutions, and consumers, as it sheds light on both the opportunities and risks associated with bancassurance marketing in Bangladesh. Understanding these factors can help shape a more transparent and ethical financial ecosystem, ultimately fostering greater trust in the bancassurance model.

### **1.1. Research Objectives**

- i. To examine the evolution and current landscape of bancassurance marketing in Bangladesh, including its growth, challenges, and opportunities.
- ii. To examine the regulatory framework governing bancassurance in Bangladesh and assess its effectiveness in preventing fraud, misrepresentation, and non-compliance.

- iii. To analyze the marketing strategies and sales techniques used by banks and insurance companies in bancassurance, identifying potential unethical or deceptive practices.
- iv. To assess consumer awareness and understanding of bancassurance products, including policy terms, risks, and benefits.
- v. To analyze consumer experiences and perceptions regarding bancassurance products, including their understanding of policy terms, benefits, and associated risks.
- vi. To investigate fraudulent activities, mis-selling, and regulatory breaches in bancassurance marketing, highlighting common patterns and loopholes.
- vii. To evaluate the effectiveness of the existing regulatory framework governing bancassurance in Bangladesh and identify areas for improvement.
- viii. To measure the impact of bancassurance marketing on financial inclusion and insurance penetration within the country's banking and insurance sectors.
- ix. To propose strategic recommendations and policy measures aimed at enhancing transparency, consumer protection, and ethical marketing practices in bancassurance.
- x. To evaluate the marketing strategies used by banks and insurance companies in promoting bancassurance products, and identify potential misleading or unethical practices.
- xi. To recommend policy interventions and strategic measures to enhance transparency, protect consumers, and strengthen the regulatory oversight of bancassurance marketing.

This research objective seeks to provide insights for regulators, financial institutions, and policymakers to strengthen the bancassurance sector, ensuring it operates in a fair and transparent manner while promoting financial security for consumers.

## 1.2. Research Question or FAQ

- i. What are the prevailing marketing strategies and practices used in bancassurance in Bangladesh, and how do they impact consumer decision-making?
- ii. How transparent and ethical are the marketing techniques employed by banks and insurance companies when selling bancassurance products?
- iii. What are the major challenges and risks associated with bancassurance marketing, including potential fraud, misrepresentation, and coercive sales tactics?
- iv. How effective is the existing regulatory framework in ensuring transparency, ethical marketing, and consumer protection in bancassurance?
- v. What are the key areas of financial irregularities or audit deficiencies in bancassurance transactions and reporting in Bangladesh?
- vi. How do regulatory bodies, including Bangladesh Bank and the Insurance Development & Regulatory Authority (IDRA), oversee bancassurance operations, and what are the gaps in their auditing mechanisms?
- vii. How aware are consumers of the terms, conditions, and risks associated

with bancassurance products, and what factors influence their trust in these financial services?

viii. What forensic auditing techniques can be applied to detect and prevent fraudulent practices in bancassurance marketing and financial reporting?

ix. What are the implications of audit transparency in improving accountability and trust in bancassurance marketing in Bangladesh?

x. What policy recommendations and best practices can be proposed to enhance audit clarity, regulatory oversight, and ethical marketing in the bancassurance sector?

xi. What are the major ethical and legal concerns in bancassurance marketing practices in Bangladesh?

xii. How does audit clarity contribute to detecting and preventing financial irregularities in bancassurance transactions?

xiii. What role does forensic auditing play in identifying and mitigating risks associated with bancassurance marketing and sales strategies?

xiv. What challenges do financial institutions face in maintaining audit transparency and regulatory compliance in bancassurance operations?

xv. How do consumers perceive the transparency and credibility of bancassurance marketing, and what factors influence their trust?

xvi. What are the gaps in the auditing and regulatory oversight of bancassurance practices in Bangladesh, and how can they be addressed?

xvii. What measures can be implemented to enhance audit accuracy and forensic investigations in the bancassurance sector?

xviii. How can forensic analysis and audit clarity improve accountability and ethical marketing in the bancassurance industry?

This overarching question seeks to explore the role of forensic investigation and audit mechanisms in detecting unethical marketing practices, strengthening regulatory oversight, and fostering trust in the bancassurance sector. It aims to provide insights into the effectiveness of current policies, consumer protection measures, and financial reporting standards within Bangladesh's bancassurance landscape.

## **2. Methodology**

### **2.1. Research Design**

i. Forensic investigation techniques to trace marketing practices and detect irregularities or non-compliance.

ii. Audit analysis to assess the level of transparency, consistency, and adherence to financial reporting standards in bancassurance operations.

### **2.2. Data Collection**

#### **2.2.1. Primary Data**

i. Interviews: Semi-structured interviews with key stakeholders, including marketing managers of insurance companies and partner banks, internal auditors and compliance officers.

ii. Regulators of Bancassurance, Insurance Development and Regulatory Authority—IDRA.

iii. Surveys: Structured questionnaires distributed to employees involved in bancassurance operations to assess awareness, ethical practices and transparency.

### **2.2.2. Secondary Data**

i. Annual reports of banks and insurance companies & Audit reports and compliance statements.

ii. Regulatory guidelines and circulars from IDRA and Bangladesh Bank.

iii. Case studies of reported fraud or audit inconsistencies.

iv. Interviews with relationship managers, insurance agents, sales officers & a few customers.

## **2.3. Analytical Techniques**

### **2.3.1. Forensic Accounting Tools**

i. Ratio analysis to detect revenue/sales irregularities

ii. Benford's Law for anomaly detection in sales data

### **2.3.2. Data Analytics & Pattern Recognition**

i. Use RPA (Robotic Process Automation) to sift through large volumes of transaction and sales data.

ii. Identify patterns of aggressive sales or policy lapses.

### **2.3.3. Comparative Benchmarking**

i. Compare marketing and audit practices with other countries in South Asia.

ii. Benchmark against best practices recommended by the IAIS and IFAC.

## **2.4. Audit Trail Review**

i. Evaluate the independence and integrity of internal and external audit functions.

ii. Assess alignment with ISA 240 (auditor's responsibility & SOP to detect fraud).

## **2.5. Regulatory Compliance Check**

i. Ensure compliance with the IDRA Act 2010, Insurance Act 2010, and Bangladesh Bank guidelines on bancassurance.

ii. Review if sales practices align with customer protection principles.

## **2.6. Validity and Reliability**

i. Triangulation is used by cross-verifying data from interviews, surveys and documents.

ii. Peer review of forensic findings by independent audit professionals is conducted to ensure credibility.

iii. A pilot survey is conducted to refine questionnaire clarity and reliability

## 2.7. Ethical Considerations

- i. Informed consent obtained from all participants.
- ii. Institutional confidentiality and data anonymity are strictly maintained.
- iii. Approval from a relevant ethics review board is secured before fieldwork begins.

## 3. Literature Review

Bancassurance, the collaboration between banks and insurance companies, has emerged as a significant financial service model in Bangladesh. While this sector has contributed to financial inclusion, it has also raised concerns related to unethical marketing practices, financial fraud, and regulatory challenges. Forensic analysis and audit clarity are critical in identifying these risks and ensuring a transparent and well-regulated bancassurance sector. This literature review strategically examines existing research on forensic investigation, marketing ethics, regulatory compliance, and audit mechanisms in the context of Bangladesh's bancassurance industry.

### 3.1. Theoretical Frameworks on Bancassurance Marketing and Audit Clarity

#### 3.1.1. Agency Theory in Bancassurance

Agency theory suggests that conflicts of interest arise when financial intermediaries prioritize sales targets over consumer protection. Several studies highlight that bancassurance sales representatives in Bangladesh often prioritize commissions over ethical considerations, leading to mis-selling and misinformation.

#### 3.1.2. Fraud Triangle Theory in Bancassurance Marketing

The fraud triangle (Cressey, 1953) outlines three elements of fraudulent behavior: pressure, opportunity, and rationalization. Research indicates that aggressive bancassurance marketing creates opportunities for financial misrepresentation due to weak regulatory oversight.

#### 3.1.3. Audit Expectation Gap in Financial Services

Porter's (1993) audit expectation gap theory suggests that stakeholders often assume audits provide absolute fraud prevention, whereas audits only detect irregularities under existing frameworks. In Bangladesh, audit reports in bancassurance often fail to expose mis-selling and hidden charges, creating trust issues among consumers.

### 3.2. Forensic Analysis of Bancassurance Marketing Practices

#### 3.2.1. Unethical Sales Tactics and Consumer Vulnerability

Studies reveal that many bancassurance consumers in Bangladesh are unaware of policy terms and risks, leading to disputes over policy claims and benefits (Khan, 2022). Misrepresentation, aggressive cross-selling, and hidden charges are common forensic red flags in bancassurance marketing.

### 3.2.2. Role of Digital Platforms and Cyber Fraud in Bancassurance

With the digitization of banking services, bancassurance has expanded through mobile banking and online platforms. However, cybersecurity risks, data breaches, and fraudulent online sales have emerged as forensic concerns (Kabir & Das, 2023).

### 3.2.3. Regulatory Loopholes Enabling Market Exploitation

Bangladesh Bank and the Insurance Development & Regulatory Authority (IDRA) govern bancassurance, but regulatory inconsistencies create opportunities for financial malpractice. Comparative studies suggest that countries with stricter bancassurance compliance mechanisms, such as India and Malaysia, experience fewer cases of fraud (Nasir et al., 2021).

## 3.3. Audit Clarity and Financial Reporting in Bancassurance

### 3.3.1. Weaknesses in Bancassurance Audits

Research indicates that internal audits in Bangladeshi financial institutions often lack the depth required to detect policy misrepresentation and unauthorized transactions (Rahman, 2021). Furthermore, audit reports frequently fail to disclose hidden charges, contributing to financial disputes.

### 3.3.2. Need for Forensic Auditing and AI-Driven Fraud Detection

Modern forensic auditing techniques, including artificial intelligence (AI) and big data analysis, have been instrumental in detecting bancassurance fraud in global markets (Patel, 2022). Studies recommend the integration of forensic auditing tools in Bangladesh's financial sector to enhance transparency.

## 3.4. Regulatory Framework and Challenges

Bangladesh's bancassurance industry is primarily regulated by Bangladesh Bank and the Insurance Development & Regulatory Authority (IDRA). Despite regulatory guidelines, gaps in enforcement have been observed, leading to potential financial misconduct. Comparative studies from other countries indicate that stricter regulatory frameworks, such as those implemented in India and Malaysia, have improved consumer protection and minimized fraudulent practices (Haque & Rahman, 2020).

## 3.5. Consumer Awareness and Ethical Concerns

Limited consumer awareness regarding bancassurance products remains a critical challenge in Bangladesh. Research by Hasan & Alam (2021) indicates that many policyholders lack a clear understanding of policy terms, leading to disputes and financial distress. Ethical concerns in bancassurance marketing, such as pressure selling and mis-selling, have been widely reported in studies on financial fraud (Roy & Sarker, 2020).

### 3.6. Emerging Trends and Future Directions

With the rise of digital banking, bancassurance marketing is shifting toward digital platforms, raising new concerns about data security, fraud prevention, and financial literacy. Future research suggests the need for stricter regulatory oversight, enhanced forensic auditing techniques, and consumer education programs to ensure the ethical and transparent growth of bancassurance in Bangladesh.

### 3.7. Strategic Recommendations for Strengthening Bancassurance Audit and Regulation

#### 3.7.1. Implementation of Stricter Regulatory Oversight

Enforce mandatory forensic audits and stricter penalties for fraudulent bancassurance practices.

#### 3.7.2. Adoption of AI and Blockchain in Forensic Auditing

Enhancing fraud detection and ensuring real-time transparency in bancassurance transactions.

#### 3.7.3. Consumer Awareness and Financial Literacy Programs

Educating policyholders on policy terms, risks, and fraud prevention measures.

#### 3.7.4. Independent Third-Party Audits

External forensic auditors should be introduced to reduce conflicts of interest in financial reporting.

## 4. Bancassurance Marketing Model

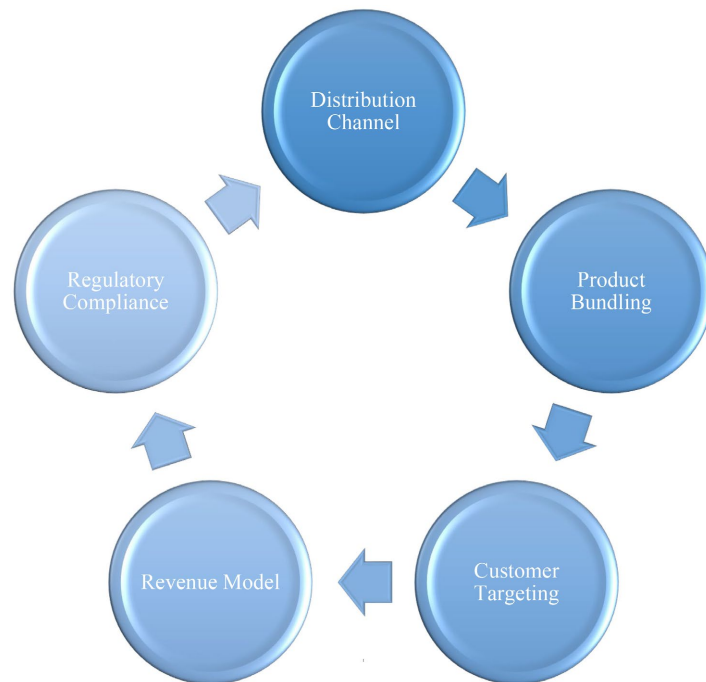
### 4.1. Key Elements of a Bancassurance Marketing Model

A Bancassurance Marketing Model outlines how banks and insurance companies collaborate to market and distribute insurance products. The model varies based on the level of integration, sales strategy, and revenue-sharing mechanisms between the two financial entities. In summary, **Figure 1** shows the Key Elements of a Bancassurance Marketing Model.

A well-structured bancassurance marketing model consists of the following components:

- ✓ **Distribution Channel:** The method used to sell insurance products through bank branches, digital platforms, or dedicated sales teams.
- ✓ **Product Bundling:** Offering insurance products along with banking services (e.g., life insurance with home loans).
- ✓ **Customer Targeting:** Leveraging banking data to personalize insurance offerings.
- ✓ **Revenue Model:** Commission-based, fee-sharing, or profit-sharing agreements between banks and insurance firms.
- ✓ **Regulatory Compliance:** Adhering to financial regulations to prevent misrepresentation and fraud.

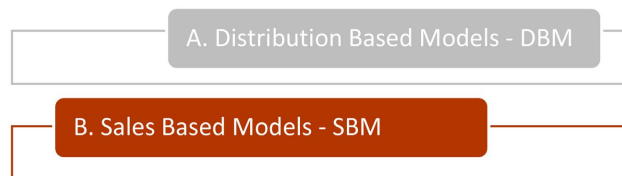




**Figure 1.** Key elements of a bancassurance marketing model.

## 4.2. Types of Bancassurance Marketing Models

**Figure 2** demonstrates the Bancassurance marketing models, which indicate two separate models of marketing & branding in banca & insurance, Bancassurance.



**Figure 2.** Types of bancassurance marketing models.

### 4.2.1. Distribution-Based Model—DBM

- i. Open Architecture Model
  - The bank collaborates with multiple insurance providers.
  - Customers have a wide range of insurance products to choose from.
  - Example: A bank offers life insurance from Company A and health insurance from Company B.
- ii. Exclusive Partnership Model
  - A bank partners with a single insurance company for all its insurance offerings.
  - Ensures strong brand loyalty and deep integration.
  - Example: A bank exclusively sells insurance policies from one insurer.
- iii. Financial Holding Company Model
  - The bank owns a stake in an insurance company or vice versa.
  - Ensures long-term collaboration and shared profits.

- Example: A bank acquires or establishes an insurance subsidiary.

#### 4.2.2. Sales-Based Models—SBM

##### i. Referral Model

- The bank refers customers to the insurance company without direct involvement in sales.

- The bank earns a referral fee for every successful sale.

##### ii. Integrated Sales Model

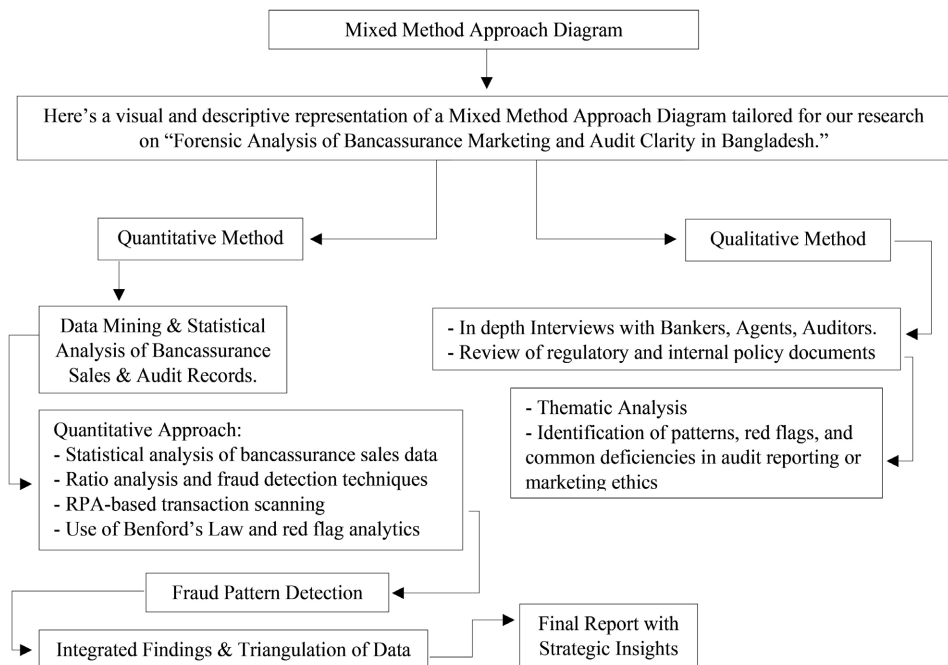
- Bank employees actively promote and sell insurance products to customers.
- Requires staff training and dedicated bancassurance teams.

##### iii. Hybrid Model

- A combination of direct sales by bank employees and referrals to external insurance agents.
- Maximizes both customer engagement and specialized insurance services.

### 5. The Mixed Method Approach of Forensic Analysis of Bancassurance Marketing and Audit Clarity in Bangladesh

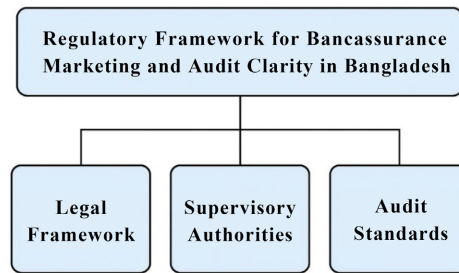
In this method, **Figure 3** identifies the two different methods “Quantitative & Qualitative,” which are presented graphically below.



**Figure 3.** The mixed method approach of forensic analysis of bancassurance marketing and audit clarity in Bangladesh.

### 6. The Regulatory Framework for the Bancassurance Marketing and Audit Clarity in Bangladesh

According to this regulatory framework, in **Figure 4**, we can see the marketing & audit clarity of Bancassurance in Bangladesh.



**Figure 4.** The regulatory framework for the bancassurance marketing & audit clarity in Bangladesh.

## 7. Audit Procedure for Verifying Bancassurance Marketing

To ensure that bancassurance marketing is conducted ethically and in compliance with regulatory standards, auditors follow a structured process to assess whether marketing practices are right (compliant) or wrong (fraudulent/unethical). Below are the key audit procedures used to verify the accuracy, transparency, and legality of bancassurance marketing (Hasan & Mahmud, 2019).

### 7.1. Step-by-Step Audit Process for Verifying Bancassurance Marketing

#### 7.1.1. Understanding the Bancassurance Agreement

- i. Objective: Assess the contractual agreement between the bank and the insurance company.
- ii. Audit Actions: Review partnership agreements to ensure they comply with regulatory frameworks (Bangladesh Bank & IDRA guidelines). Check revenue sharing models (commission-based, fee-based, or profit-sharing). Verify exclusivity clauses, marketing responsibilities, and risk-sharing mechanisms.

#### 7.1.2. Reviewing Marketing Strategies and Compliance

- i. Objective: Ensure bancassurance marketing follows ethical and legal standards.
- ii. Audit Actions: Assess bancassurance advertising materials (brochures, websites, SMS, social media) for compliance with financial disclosure laws. Verify that marketing campaigns are not misleading or coercive. Check adherence to customer data privacy laws in targeted marketing efforts.

#### 7.1.3. Evaluating Sales Practices and Customer Interaction

- i. Objective: Identify mis-selling risks and assess customer engagement.
- ii. Audit Actions: Review customer sales scripts, telemarketing practices, and in-branch bancassurance sales techniques. Examine how employees and agents explain policy terms, benefits, exclusions, and costs. Conduct mystery shopping or customer surveys to detect misleading sales tactics.

#### 7.1.4. Examining Customer Documentation and Policy Issuance

- i. Objective: Ensure proper documentation and informed consent from customers.

ii. Audit Actions: Review signed policy agreements to check for proper disclosures. Verify that customers receive the required Key Facts Document (KFD) and policy summary. Cross-check sales records against customer complaints related to mis-selling or forced insurance purchases.

#### **7.1.5. Checking Regulatory Compliance and Reporting**

i. Objective: Ensure all bancassurance operations comply with regulatory guidelines.

ii. Audit Actions: Assess compliance with Bangladesh Bank and IDRA regulations. Verify if banks and insurers file regulatory reports accurately and on time. Identify any gaps in compliance, such as unapproved product bundling or unauthorized fees.

#### **7.1.6. Analyzing Financial Transactions and Revenue Recognition**

i. Objective: Detect financial irregularities in bancassurance revenue flows.

ii. Audit Actions: Review revenue-sharing calculations to confirm transparency in commission payments. Cross-check revenue recognition practices with financial statements. Investigate any unauthorized deductions, hidden fees, or fraudulent transactions.

#### **7.1.7. Reviewing Customer Complaints and Dispute Resolution**

i. Objective: Identify patterns of consumer grievances related to bancassurance.

ii. Audit Actions: Examine customer complaints, dispute resolution cases, and regulatory penalties. Investigate how disputes are handled in terms of timeliness, fairness, and outcomes. Ensure grievance redressal mechanisms meet industry best practices.

#### **7.1.8. Assessing Internal Audit and Risk Management Controls**

i. Objective: Evaluate the effectiveness of internal control mechanisms in detecting fraud.

ii. Audit Actions: Review how banks and insurers conduct internal audits of bancassurance operations. Assess fraud detection mechanisms, including forensic audits and risk mitigation strategies. Identify weaknesses in risk management frameworks that allow unethical practices.

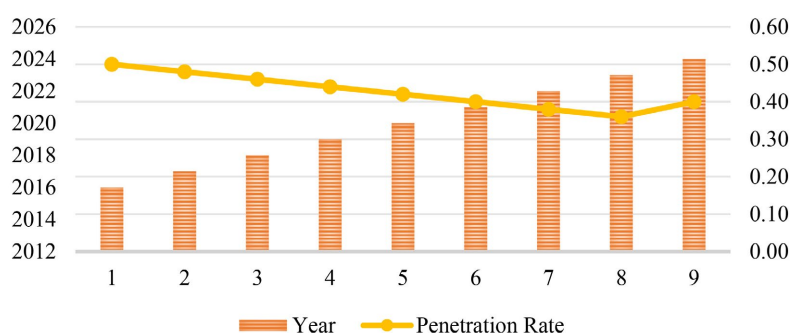
#### **7.1.9. Preparing Audit Findings and Recommendations—CAPA**

i. Objective: Provide actionable insights to improve bancassurance transparency.

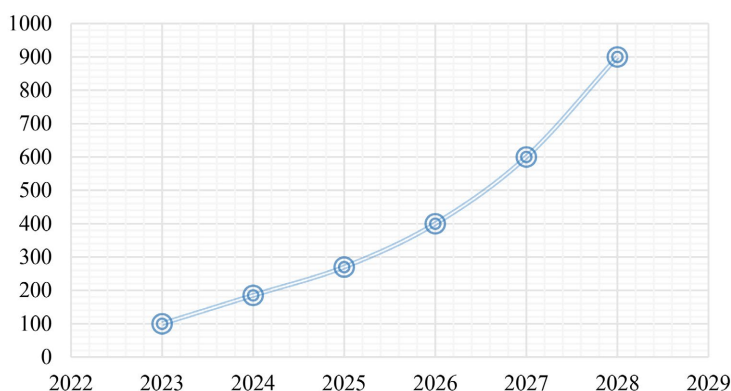
ii. Audit Actions: Summarize audit findings in a detailed audit report. Highlight compliance breaches, unethical marketing practices, and financial inconsistencies. Recommend corrective measures such as better staff training, improved financial disclosures, and enhanced customer protection policies.

By systematically auditing bancassurance marketing, financial institutions can ensure compliance, protect consumers and detect fraud. Strengthening regulatory controls, improving audit transparency and training sales teams can significantly reduce unethical bancassurance practices.

## 8. Current Status of Bancassurance in Bangladesh









**Figure 5.** Current Status of Bancassurance in Bangladesh Insurance Penetration Rate (2012-2026), showing the decline and expected growth after bancassurance approval. It shows a decline from 0.50% in 2016 to 0.35% in 2023, with an expected rise in 2024 due to bancassurance.



**Figure 6.** Current Status of Bancassurance in Bangladesh, Growth of Bancassurance Market (2023-2028), demonstrates expected market expansion over the coming years.

**Table 1.** Number of Approval Bancassurance Licenses (2024-2025) displays the banks that have received regulatory approval to commence Bancassurance operations as of April 2025.

Six banks have started Bancassurance operations in Bangladesh, 2025					
City Bank	Mutual Trust Bank (MTB)	Standard Chartered Bangladesh	Midland Bank PLC	Eastern Bank	BRAC Bank
Received approval from Bangladesh Bank on January 24, 2024 to commence bancassurance services in partnership with Guardian Life Insurance Ltd.	Launched its bancassurance service on June 27, 2024 collaborating with Guardian Life Insurance, Pragati Life Insurance, Green Delta Insurance Company.	Became the first international bank in the country to introduce bancassurance services on March 3, 2024 partnering with MetLife Bangladesh.	Received approval from Bangladesh Bank to start bancassurance operations on September 26, 2024.	February 7, 2024 EBL obtained a bancassurance license from (IDRA) to start partnerships with MetLife and Green Delta Insurance Company Ltd.	January 28, 2024 BRAC Bank secured approval for bancassurance business from Bangladesh Bank.
					

Bancassurance, the collaboration between banks and insurance companies to sell insurance products through banking channels, has recently gained momentum in Bangladesh. The government approved its introduction in July 2023, aiming to enhance insurance penetration, which had declined from 0.50% in 2016 to 0.35% in 2023.

Following this approval, the Bangladesh Bank and the Insurance Development and Regulatory Authority (IDRA) formulated guidelines to facilitate Bancassurance operations. By December 2023, these guidelines were rolled out, allowing banks to act as corporate agents for insurance companies. To participate, banks are required to maintain a net non-performing loan ratio of no more than 5% and obtain necessary licenses from both regulators. Several banks have since entered the Bancassurance market. Notably, Eastern Bank PLC (EBL) became the first bank in Bangladesh to receive a license from IDRA for both life and non-life insurance partnerships, collaborating with MetLife and Green Delta Insurance Company Ltd. Other banks, including City Bank, Midland Bank, and Dutch-Bangla Bank, have also received approvals to sell insurance products.

Industry experts anticipate that Bancassurance will significantly expand insurance coverage by leveraging banks' extensive networks and customer trust. This model is expected to provide customers with more accessible insurance options, thereby improving financial inclusion and contributing to the overall development of the insurance sector in Bangladesh.

However, challenges remain, particularly in rural areas where insurance penetration is still limited. Regulatory uncertainties, low consumer awareness, and operational inefficiencies have been identified as barriers to growth. Addressing these issues through regulatory reforms, public awareness campaigns, and technological integration is crucial for the success of Bancassurance in Bangladesh.

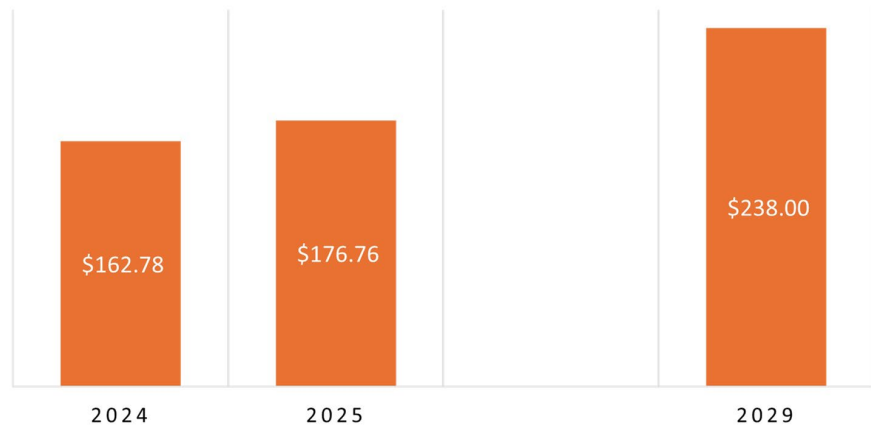
**Figure 5** shows Insurance Penetration Rate (2012-2026), showing the decline and expected growth after Bancassurance approval. It shows a decline from 0.50% in 2016 to 0.35% in 2023, with an expected rise in 2024 due to Bancassurance. And **Figure 6**, Current Status of Bancassurance in Bangladesh, Growth of Bancassurance Market (2023-2028), demonstrates expected market expansion over the coming years. Also, **Table 1**, Number of Approval Bancassurance Licenses (2024-2025), displays the banks that have received regulatory approval to commence Bancassurance operations as of April 2025.

Overall, the status of Bancassurance marks a significant step toward revitalizing Bangladesh's insurance industry and achieving broader financial inclusion.

In a graphical presentation, **Figure 7** shows that the bancassurance market size has grown strongly in recent years. It will grow from \$162.78 billion in 2024 to \$176.76 billion in 2025 at a compound annual growth rate (CAGR) of 8.6%. The growth in the historic period can be attributed to regulatory changes, customer trust, market competition, partnership strategies and economic conditions. (Ref: The Business Research Company)

The Bancassurance market size is expected to see strong growth in the next few

years. It will grow to \$238 billion in 2029 at a compound annual growth rate (CAGR) of 7.7%. The growth in the forecast period can be attributed to regulatory reforms, demographic shifts, customer expectations, globalization, and regulatory developments. Major trends in the forecast period include digital transformation, personalization, integration with financial services, product innovation and utilization of data analytics. Below the summary in **Table 2**, we observed the global reports Bancassurance market analysis, 2025.



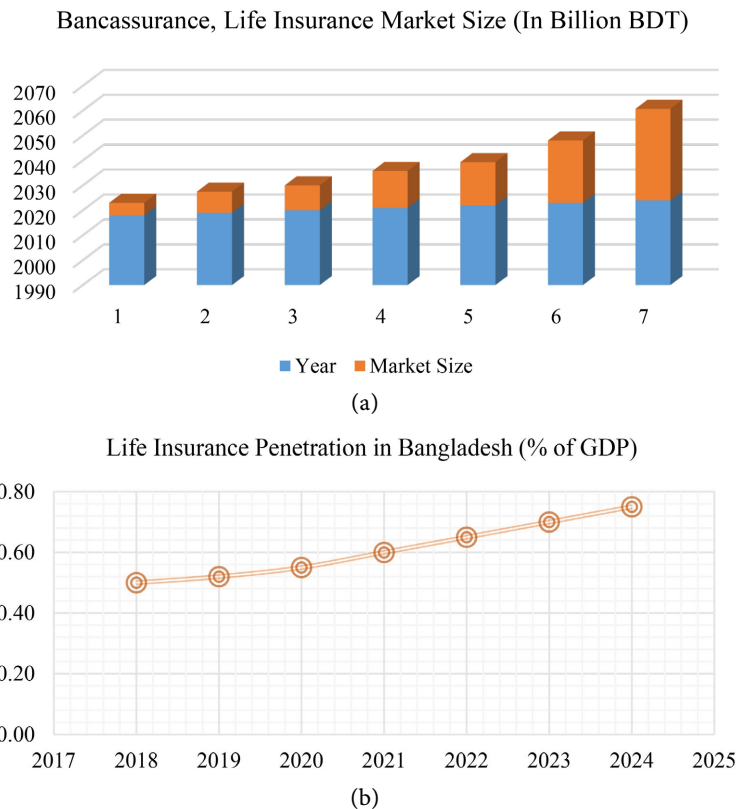
**Figure 7.** Bancassurance global market size 2025 and growth rate.

**Table 2.** Global Bancassurance marketing report forecast analysis, 2025.

Global Bancassurance Market Report Forecast Analysis, 2025	
Particulars	Details
Market Size Value in 2025 Worldwide	\$ 176.76 Billion
Revenue Forecast in 2034	\$ 238 Billion
Growth Rate	CAGR of 7.7% from 2025 to 2034
Base Year of Estimation	2024
Actual Estimation/Historical Data	2019-2024
Forecast Period	2025-2029-2034
Market Representation	Revenue in USD \$ billion & CAGR from 2025 to 2034
Insurance Type	Life Insurance, Non-Life Insurance
Model Type	Pure Distribution Model, Strategic Alliance Model, Joint Venture Model, Financial Holding, Other Model Types.
Regional Scope	Asia Pacific, Western Europe, Eastern Europe, North America, South America, Middle East, Africa
Key Companies Profile	Allianz SE, AXA Group, Wells Fargo & Company, HSBC Holdings plc., Citigroup Inc., MetLife Inc., Assicurazioni Generali s.p.a, Prudential Financial Inc, American Express Company, BNP Paribas SA, ING Groep N.V., Mitsubishi UFJ, Financial Group Inc., Credit Mutuel, Barclays plc., Credit Agricole SA, Intesa Sanpaolo, Banco Bradesco S.A., Standard Chartered plc., Nordea Bank Abp, ANZ, CAN Financial Corporation, Lloyds Banking group plc., Bank of Nova Scotia, ABN AMRO group, Yes Bank Ltd.

## 9. Life Insurance of Bancassurance Market Growing Demand and Growth Opportunity in Bangladesh

The Bancassurance market for life insurance in Bangladesh is experiencing growing demand and presents significant growth opportunities due to several evolving economic, demographic, and regulatory factors. In **Figure 8**, a breakdown of the current landscape, drivers, and future prospects is presented.



**Figure 8.** Life insurance in the bancassurance market is growing in demand and presents a growth opportunity in Bangladesh.

### 9.1. Current Market Trends & Growing Demand

#### 9.1.1. Increased Financial Inclusion

Bangladesh has seen rapid growth in banking coverage and mobile financial services. This opens up large untapped markets for insurance products in rural and semi-urban areas.

#### 9.1.2. Rising Middle Class & Urbanization

The growing middle class is more aware of financial planning and risk management. Increased life expectancy and health concerns have led to higher interest in life insurance.

#### 9.1.3. Digital Transformation

Banks are digitizing services, which aligns well with selling simple life insurance policies (like term insurance) online or via mobile banking.



#### 9.1.4. Government Support

Regulatory support from the Insurance Development and Regulatory Authority (IDRA) and Bangladesh Bank is encouraging new bancassurance frameworks.

### 9.2. Growth Opportunities

#### 9.2.1. Untapped Customer Base

Bangladesh has over 100 million bank account holders, many of whom are not insured. Bancassurance can be a bridge to bring insurance to these individuals.

#### 9.2.2. Low Insurance Penetration

Insurance penetration is less than 1% of GDP—well below the regional average—signaling massive room for growth.

#### 9.2.3. Product Innovation

Customized, low-cost life insurance products tailored to specific customer segments (e.g., farmers, women entrepreneurs) can drive uptake.

#### 9.2.4. Bank Trust Factor

Customers often trust banks more than insurers, making them more likely to purchase insurance through banks.

### 9.3. Challenges to Address

#### 9.3.1. Regulatory Hurdles

The legal framework for bancassurance is still evolving in Bangladesh.

#### 9.3.2. Lack of Awareness

Many consumers don't understand life insurance benefits.

#### 9.3.3. Training Needs

Bank staff often lack the training to effectively sell insurance.

## 10. The Journey of Bancassurance in Bangladesh

Bancassurance, a blend of “bank” and “insurance,” refers to the partnership between a bank and an insurance company, wherein the bank sells insurance products to its customers. This model allows insurance companies to access a wider customer base through the bank's established infrastructure. Globally, bancassurance has seen significant success, particularly in Europe and parts of Asia. In Bangladesh, however, it is a relatively new concept that has been gradually evolving. It's a win-win model, where banks earn commissions and enhance product offerings while insurance companies expand their reach.

### 10.1. Early Phase (Pre-2010)

Bancassurance was practically nonexistent in Bangladesh due to a lack of a regulatory framework & the insurance sector was highly traditional, focusing on direct sales by agents.

## **10.2. Initial Moves (2010-2020)**

With economic growth and the rise of middle-income consumers, the demand for financial products increased. Some banks informally collaborated with insurance firms, offering insurance as a side product, often under group schemes. The Insurance Development and Regulatory Authority (IDRA) began considering the potential of bancassurance.

## **10.3. Regulatory Developments (2021)**

In 2022, IDRA and Bangladesh Bank jointly developed the Bancassurance Guideline, a crucial milestone. In 2023, Bangladesh formally launched Bancassurance, with banks allowed to sell insurance under certain regulatory conditions. Banks must set up dedicated bancassurance wings, and only life and non-life insurance approved by IDRA can be offered.

## **10.4. Initial Awareness and Regulatory Framework (Pre-2020)**

For many years, the financial sector in Bangladesh operated with a clear distinction between banking and insurance. Banks primarily focused on deposit-taking and lending, while insurance companies managed risk-related services. There was little to no collaboration between these sectors.

### **10.4.1. Lack of Regulation**

The absence of a regulatory framework was a major barrier. The Insurance Act 2010 and guidelines from the Insurance Development and Regulatory Authority (IDRA) did not initially provide for bancassurance.

### **10.4.2. Limited Knowledge**

Both banks and customers were largely unaware of how bancassurance works, and there was a lack of skilled personnel to implement it.

## **10.5. Regulatory Breakthrough and Pilot Initiatives (2020-2022)**

As financial inclusion became a national agenda and the need for insurance coverage increased, the government and regulatory authorities began exploring ways to expand the insurance market.

### **10.5.1. Bangladesh Bank & IDRA Coordination**

Collaborative discussions started between Bangladesh Bank and IDRA to establish a regulatory framework.

### **10.5.2. Pilot Programs**

A few insurance companies, in collaboration with progressive banks, launched pilot projects under limited scopes to test the feasibility of bancassurance.

### **10.5.3. Global Influence**

Success stories from neighboring countries like India, Sri Lanka, and Malaysia influenced policymakers.

## 10.6. Formal Guidelines and Legalization (2022-2023)

A significant milestone in the journey of bancassurance in Bangladesh came with the issuance of formal guidelines.

### 10.6.1. Bancassurance Guidelines 2023

IDRA, in collaboration with Bangladesh Bank, officially issued bancassurance guidelines in early 2023. Only life insurance products were initially allowed. Banks needed to get separate licenses for bancassurance activities. Training requirements for bank staff were mandated.

### 10.6.2. Objectives

The primary goal was to increase insurance penetration, support financial literacy, and leverage banks' outreach.

## 10.7. Current Status and Progress (2024-2025)

With formal regulations in place, several banks and insurance companies have begun forming strategic partnerships.

### 10.7.1. Major Partnerships

Banks like BRAC Bank, Eastern Bank Limited, and City Bank have entered into agreements with top life insurance providers.

### 10.7.2. Product Offerings

Products include term life insurance, health coverage, education and savings plans, and micro-insurance policies.

### 10.7.3. Customer Response

There is a growing interest, particularly among salaried individuals and middle-income customers.

## 10.8. Challenges

### 10.8.1. Low Insurance Awareness

Insurance literacy remains low among the general public.

### 10.8.2. Training Needs

Bank staff need continuous training to effectively sell and explain insurance products.

### 10.8.3. Cultural Hesitance

Some customers still view insurance with skepticism due to historical mismanagement in the sector.

### 10.8.4. Technology Integration

Seamless integration between banking and insurance platforms is still developing.

## 10.9. Future Prospects

### 10.9.1. Inclusion of Non-Life Insurance

Future updates to regulations may allow non-life products.

### **10.9.2. Digital Bancassurance**

Mobile and internet banking platforms could become key sales channels.

### **10.9.3. Microinsurance Growth**

Especially relevant for rural and underserved populations.

### **10.9.4. Improved Customer Experience**

With better training and digital tools, customer service is expected to improve significantly.

The journey of bancassurance in Bangladesh reflects a growing effort to modernize and integrate financial services for broader access. From concept to implementation, the industry has made notable strides in a short time. With supportive regulations, increased awareness, and strategic collaboration, bancassurance is poised to become a cornerstone of financial inclusion in Bangladesh.

## **11. Future Demands of Bancassurance in Bangladesh —A Specific Outlook**

The future demand for bancassurance in Bangladesh is expected to rise significantly due to a combination of demographic, economic, and technological factors. As the country's middle class expands and financial literacy improves, customers are increasingly seeking convenient, one-stop financial solutions. Bancassurance caters to this demand by integrating insurance products into everyday banking services (Islam & Alam, 2020).

With low insurance penetration (less than 1% of GDP), there is vast untapped potential. Banks already have widespread branch networks and strong customer trust, making them ideal channels for distributing insurance, especially in rural and semi-urban areas. Additionally, digital banking growth and mobile financial services are creating opportunities to offer personalized and accessible insurance plans to a broader population.

The regulatory environment is also evolving, with the Bangladesh Bank and IDRA working on frameworks to support and regulate bancassurance operations. This will boost confidence among financial institutions and customers alike.

As a result, the future demand will be driven by:

- Customized micro insurance products for SME's and rural populations.
- Life and health insurance bundled with personal banking.
- Digital insurance offerings are available through mobile and internet banking platforms.
- Corporate insurance packages for business clients.

Overall, bancassurance in Bangladesh is set to become a key driver of financial inclusion, insurance penetration, and innovation in financial services.

## **12. Will Bancassurance Improve Bangladesh's Insurance Landscape?**

"Yes", bancassurance can significantly improve Bangladesh's insurance landscape by making insurance more accessible, acceptable, and affordable. To achieve its full potential, there needs to be supportive regulation, training for bank staff, and

public awareness initiatives. If implemented well, bancassurance could become a game changer for the country's insurance sector (Ahmed & Karim, 2021).

### **12.1. Increased Insurance Penetration**

Bangladesh currently has one of the lowest insurance penetration rates in South Asia. By using the wide branch networks of banks, insurance companies can reach millions of customers who may not have considered or had access to insurance before. This can rapidly increase coverage in both urban and rural areas.

### **12.2. Enhanced Customer Trust**

Many people in Bangladesh are hesitant to buy insurance due to a lack of trust or limited understanding. However, banks generally enjoy higher levels of trust and loyalty. When insurance products are offered by a customer's own bank, they're more likely to be accepted and adopted (KPMG, 2020).

### **12.3. One-Stop Financial Solutions**

Bancassurance provides customers with a one-stop shop for financial services, combining savings, loans, and insurance under one roof. This convenience encourages more people to consider insurance as part of their financial planning, boosting the overall insurance culture in the country.

### **12.4. Improved Product Innovation**

With banks and insurance companies working together, new and more tailored insurance products can be developed such as credit-linked insurance, micro insurance, and investment cum insurance plans that cater to specific segments like farmers, SMEs, or salaried individuals.

### **12.5. Data-Driven Targeting and Efficiency**

Banks have valuable customer data that can help insurance companies offer more personalized products. For example, a customer with a home loan could be offered home insurance or life cover. This data integration improves efficiency and makes insurance offers more relevant.

### **12.6. Boost to Financial Literacy and Awareness**

Bancassurance also plays a role in educating the public about the importance of insurance. As bank staff are trained to offer insurance solutions, they can help demystify insurance concepts for customers, especially in regions where insurance literacy is low.

### **12.7. Contribution to Economic Stability**

By increasing insurance coverage, bancassurance indirectly contributes to national economic stability. Insurance helps protect families and businesses from financial shocks, which in turn supports consumption, investment, and overall economic resilience.

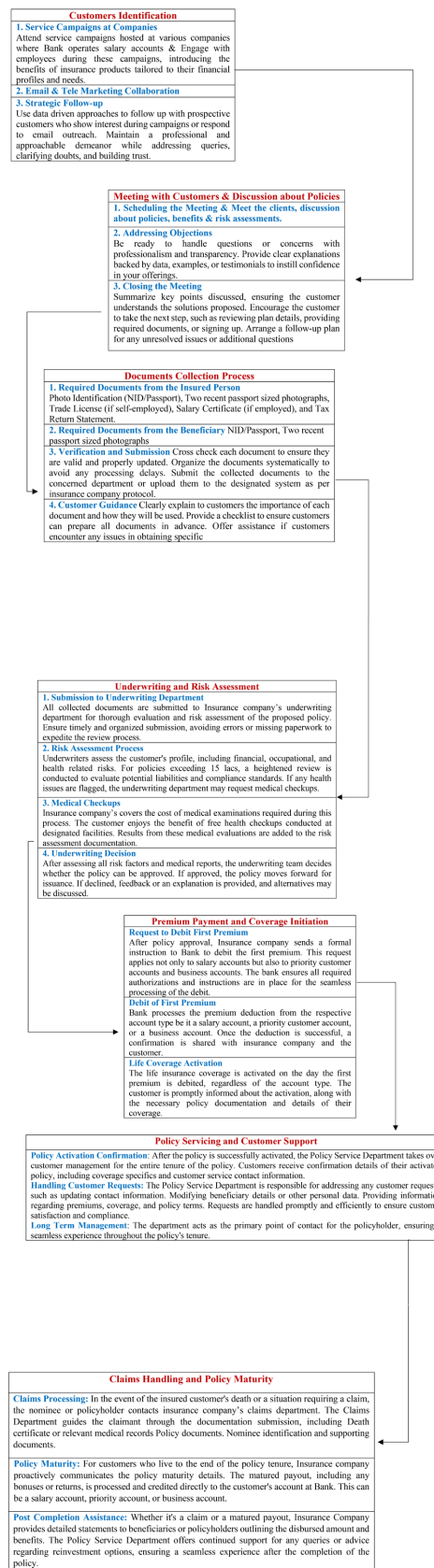
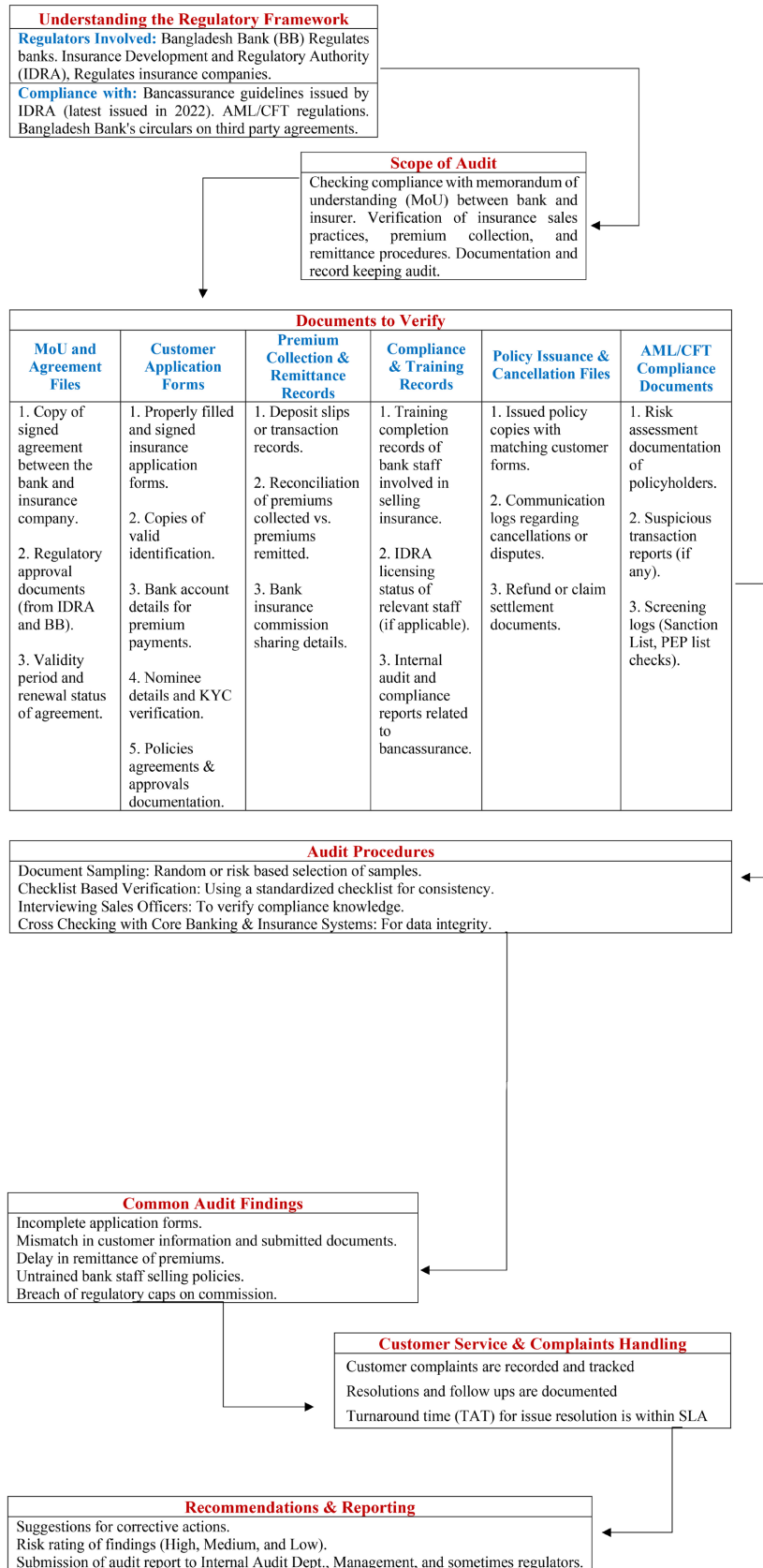


Figure 9. Bancassurance marketing to customers documentation process in Bangladesh.



**Figure 10.** Bancassurance, audit verification process in Bangladesh.

### 13. Step-by-Step Mapping of Bancassurance Marketing to Audit Documents Verification Process in Bangladesh

#### 13.1. Bancassurance Marketing to Customers Documentation Process in Bangladesh

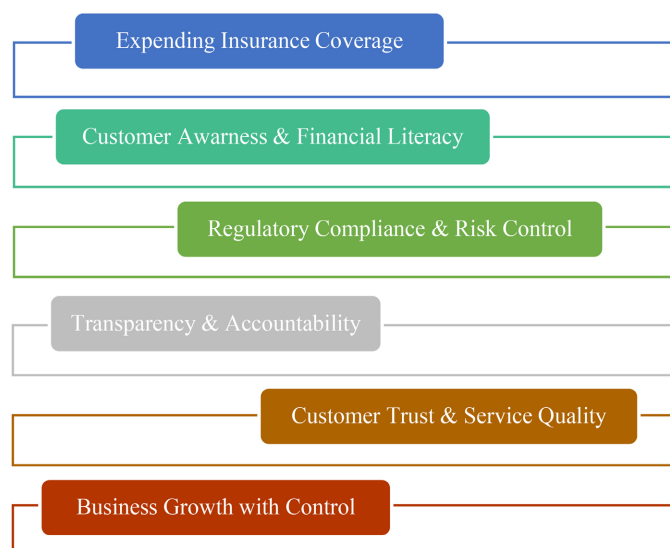
In Bangladesh, the Bancassurance marketing documentation process involves maintaining proper records of all promotional and sales activities conducted by banks in collaboration with insurance companies. This is governed by regulations from IDRA and Bangladesh Bank to ensure transparency, fair customer treatment, and compliance. All marketing-related documents should be preserved for a minimum of 5 years, as per IDRA guidelines. In **Figure 9**, we can see the marketing to customer documentation process in Bangladesh (Farooq & Habib, 2018).

#### 13.2. In Bancassurance, Audit Verification Process in Bangladesh

The Bancassurance Audit Verification Process in Bangladesh involves a systematic review of documentation and procedures related to the sale of insurance products through banks. This process ensures compliance with regulatory guidelines set by the Insurance Development and Regulatory Authority (IDRA) and Bangladesh Bank (BB). This audit process helps maintain transparency, protect customer interests, and reduce operational and compliance risks in the Bancassurance model. In **Figure 10**, we can see the Bancassurance, Audit Verification Process in Bangladesh (Bangladesh Bank, 2020).

### 14. Important Keynotes of Bancassurance Marketing and Audit Verification of Bangladesh

**Figure 11** highlights the synergy between banks and insurers in driving Bancassurance growth, alongside audit checkpoints ensuring compliance, transparency, and financial integrity.



**Figure 11.** Keynotes of bancassurance marketing and audit verification of Bangladesh.



## 15. Conclusion

The forensic analysis of bancassurance marketing and audit clarity in Bangladesh reveals a sector at a critical intersection of growth potential and regulatory refinement. Bancassurance, as an evolving financial service model, has gained considerable traction in the Bangladeshi market due to its ability to merge banking convenience with insurance solutions. However, this growth has not been without challenges. Key forensic indicators point to systemic issues in transparency, ethical marketing practices, and internal control mechanisms, which, if left unaddressed, could erode consumer trust and regulatory compliance.

The study highlights that while regulatory frameworks exist, enforcement and clarity remain insufficient in addressing complex marketing strategies used in bancassurance. Moreover, audits both internal and external often lack the depth needed to uncover subtle forms of misrepresentation, such as aggressive cross-selling, improper disclosure, or the bundling of financial products without informed consent.

To ensure long-term sustainability and integrity in the bancassurance sector, Bangladesh must prioritize the implementation of clearer audit trails, robust regulatory oversight, and enhanced transparency in marketing practices. Additionally, training bank personnel, improving customer awareness, and leveraging digital tools for forensic audits can collectively contribute to a more accountable and ethical financial environment.

Audit clarity, or the ability of audit processes to clearly capture and report bancassurance operations, remains limited due to inconsistent regulatory guidelines and inadequate integration of financial and non-financial risk factors. Forensic insights suggest that enhancing the independence of internal audit functions and mandating regular forensic reviews can significantly improve accountability and compliance. To ensure sustainable growth and stakeholder confidence in the bancassurance sector, it is essential for regulatory bodies in Bangladesh to implement more robust audit frameworks, enforce ethical marketing standards, and promote financial literacy among consumers. Strengthening the synergy between marketing ethics and audit transparency will be key to unlocking the full potential of bancassurance in the country.

In conclusion, this forensic assessment calls for a collaborative effort among banks, insurers, auditors, and regulators to bridge the gaps between marketing ambition and audit clarity, ultimately protecting consumer interests and reinforcing confidence in the financial system of Bangladesh.

## Declaration

This work has not previously been submitted for any degree and is not concurrently submitted as a candidature for any degree. This report is being submitted in partial fulfillment of the requirements for the Doctor of Philosophy (PhD) degree. This paper is the result of our own independent work/investigation, except where otherwise stated. Other sources are acknowledged by footnotes giving ex-

plicit references.

## Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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