

DIGITAL BANCASSURANCE TAKES OFF

- Friendsurance experts predict the emergence of billion-Euro markets across Europe
- In Germany alone, the market volume will grow to around 23 billion Euros in the next ten years
- Integration of online offerings enables additional commission-based revenue for banks and insurers

Berlin, 05. September 2018. According to a potential analysis by the insurance platform Friendsurance, digital bancassurance in Germany will reach a market volume of some 8 billion Euros in five years. The Berlin insurance broker expects a yearly premium income for insurance companies of almost 23 billion Euros by 2028, in online service channels of banks. Thus, the commission revenue means integration of digital bancassurance solutions is not only of interest to banks in Germany.



EXPECTED ANNUAL INSURANCE PREMIUMS, MANAGED VIA DIGITAL BANCASSURANCE CHANNELS (in billions of euros)



France front runner in digital bancassurance

Following an examination of key markets, France is expected to lead the digital bancassurance market in Europe with insurance contributions of just under 9 billion Euros by 2023 and over 24 billion Euros by 2028. Despite a smaller population, the French online banking usage rates and per-capita insurance contributions are significantly higher. Correspondingly, this means high potential for digital bancassurance offerings. In Italy, Spain and Portugal, there is a billion-Euro market volume for insurance managed in online banking, too. By 2028, annual premium revenue will reach at least 82 billion Euros just among the five countries surveyed.

The resultant sales opportunities are interesting for banks and insurance companies across Europe: According to the development of the volume of insurance managed, experts anticipate that annual commission revenue will be worth billions by 2028.

Potential can be misjudged

The analysis proves that digital bancassurance could soon be seen in large volume, even with somewhat low penetration. “Many decision-makers and digitization managers in banks are not aware of this potential. Integrating digital insurance solutions into your online banking can deliver real value for savvy online customers,” explains Tim Kunde, co-founder and CEO of Friendsurance.

The digital insurance broker does not, however, expect that digital solutions will soon completely replace classic bancassurance. “Consultation-intensive insurance offerings require particularly tailored, in-depth guidance. A robo-advisor can understand a lot, but not the individual needs and concerns of the customers. We thus see digital bancassurance platforms to be an extension of the traditional bancassurance business, not a substitute,” says Kunde.

Market penetration is growing quickly

In a representative survey conducted in early August 2018, over half of respondents said they were interested in managing their insurance contracts via their online banking account. Based on the results of this survey carried out by YouGov on behalf of Friendsurance, the Berlin-based company predicts that by 2023 at least 5 percent of existing contracts will be managed through digital bancassurance solutions, which is expected to rise to 13 percent by 2028. “We are seeing tremendous development in the market. The survey verifies our belief that there is customer demand for these integrated solutions.” Planned for later this year is the launch of the “Insurance Managers”, which was developed with and for Deutsche Bank. It should not stay that way. “We are working to cooperate with more banks and their partners,” explains the Friendsurance CEO.

Details on the potential analysis can be found on www.friendsurance.com at the “News” section.

The digital Bancassurance platform by Friendsurance

Friendsurance offers its partners a digital bancassurance platform, so that customers can manage and optimize their insurance quickly and easily. Involved is an automatic analysis of insurance needs, including comparison with current insurance coverage and resulting price or service improvements. Users also have the option to sign up for new insurance in just a few clicks. These solutions are modular and will be integrated into the online offers with respective cooperation partners. Banks and insurance companies can thus avoid the onerous investment in their own platforms and instead rely on tried and tested solutions.

About Friendsurance Germany

Friendsurance is a brand name under which Alecto GmbH offers a series of innovative insurance solutions with the aim of making insurances more customer-friendly: As independent, digital insurance broker the company serves nearly 150,000 customers, to whom Friendsurance wants to offer a home for all insurances. Besides the possibility to manage insurance policies online and to receive comprehensive insurance advice, Friendsurance has developed a peer-to-peer insurance model that rewards groups of customers with an annual bonus when remaining claims-free: the claimsfree-bonus. In addition to its own B2C-business, Friendsurance has also been operating a second business

line, Digital Bancassurance, since 2017. Founded in 2010, Friendsurance currently employs approximately 100 people in its headquarter in Berlin and cooperates with 175 domestic insurances in Germany, a number of fintech partners and banks.

Press contact

Press office Friendsurance

Alecto GmbH

Laura Neusser

Mehringdamm 34

10961 Berlin

Germany

Phone: +49 (0) 30 3440998 30

Email: press@friendsurance.com

DIGITAL BANCASSURANCE IN EUROPE: THE EMERGENCE OF AN 80-BILLION-EURO MARKET

Background

Digital bancassurance is the digital management and optimization of insurance through banks, predominantly in their online banking offers. Many experts see digitalization as a promising chance to spur on the traditional banking industry. A reason for the development is customer desire to manage all their financial affairs on one platform. The EU PSD2 Directive, which requires banks to open their IT systems and to make payment figures available to other providers of financial services, has accelerated the development of such offerings.

Influential Factors

For the first time, the Friendsurance insurance platform has calculated the potential of digital bancassurance, looking at development over the next five to ten years. Experts have closely examined the probable development of the use of online banking¹ as well as the per-capita premiums² of the five leading bancassurance markets in Europe.

To establish a realistic forecast for an online banking quota in five and ten years, they took the development of smartphone use as a model. The smartphone has seen enormous adoption rates internationally over the past 10 years, as a disruptive technology. Many market players expect a similar dynamic as it relates to online banking solutions. Based on current online banking usage and accounting for market-specific factors, the experts have found corresponding growth rates for the future use of online banking.

Representative Survey

Additionally, Friendsurance commissioned the market research company YouGov to create a representative survey, surrounding interest in digital bancassurance offerings. The result: around 52% of Germans using online banking are interested in seeing, managing and optimizing their insurance in their online banking portals³. Availability of these bancassurance offerings will gradually increase over the next five to ten years. As a result, Friendsurance analysts predict that by 2023 at least 10% of those interested will be using digital bancassurance models, and by 2028 that

¹ <https://de.statista.com/statistik/daten/studie/4102/umfrage/online-banking-in-europa/>

² <https://www.gdv.de/de/zahlen-und-fakten/versicherungsgebiete/ueberblick-4580>

³ The data relates to an online survey by YouGov Deutschland GmbH, in which 2037 people took part, between 01.08.2018 and 03.08.2018. The results have been scaled and are representative of the German population from 18 years of age.

number is expected to rise to 25%. Considering that the concept of bancassurance is less known in Germany than in other European countries, the potential could be even greater.

Results

The figures show the following annual contribution volumes as the digital bancassurance market potential in the respective countries. A market worth €80 billion will be created in the five profiled countries over the next 10 years.

Current Insurance Value			Online-Banking-Quota			Digital Bancassurance Potential	
Country	Inhabitants	Insurance Premiums per Person	2017	2023	2028	2023	2028
France	66.900.000	3.123€	62%	81%	90%	8.800.076.844€	24.444.657.900€
Germany	82.670.000	2.365€	56%	81%	90%	7.116.729.620€	21.604.357.775€
Spain	46.560.000	1.345€	46%	78%	89%	5.897.703.053€	16.823.576.016€
Italy	60.600.000	2.212€	31%	70%	85%	4.879.318.080€	14.812.215.600€
Portugal	10.320.000	986€	31%	62%	76%	1.039.074.566€	3.184.260.768€
TOTAL						27.732.902.163€	80.869.068.059€

*Not accounted for is the impact of increases on premiums of insurance contracts, nor an increase in user interest in digital bancassurance platforms. If these were to be included in the calculations, the expected market volume of digital bancassurance is likely to be significantly higher.