

International Money Market and the Expansion and Consolidation of Bancassurance in the 21st century

Donghui Li , Fariborz Moshirian and Csaba Szablocs

Abstract

International Money Market has created a new opportunities to financial system to become more effective. Ever since the concept of bancassurance began, it has received much attention from both researchers and policymakers, as it is a major step towards the creation of universal financial markets in the 21st century which are no longer segregated based on industry operations. This study is the first comprehensive study to identify and measure the determinants of bancassurance using a sample of 28 developed and developing countries. Our results complement the existing literature on bancassurance demand, insurance demand, and international trade in insurance services, while also providing additional insight in key areas. We use a cross-sectional time-series approach by making use of panel analysis. The empirical results indicate that the reduction in company risk, the size of the company, the reductions in company costs and increases in company revenues, the size of the national banking industry, the level of financial deregulation within a country, the level of national demand for insurance products, and the national inflation rate all play significant roles as determinants of bancassurance. We also find that the system of law that exists within a country is also a contributing factor to the overall success of bancassurance operations.

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Donghui Li, School of Banking and Finance, University of New South Wales, Sydney, Australia

Fariborz Moshirian, Corresponding author. School of Banking and Finance, University of New South Wales, Sydney, Australia
Tel: 61-2-93855859. Fax:61-2-93856730.
Email Address: f.moshirian@unsw.edu.au

Csaba Szablocs, School of Banking and Finance, University of New South Wales, Sydney, Australia

