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Voluntary Insurance for Rapid Growth of On-The-Go Banking Services in World Economy: Seeking Attentions

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Abstract

Adding the Voluntary Insurance, a new product in On-the-Go banking services, can be impetus meeting the 21st Century challenges. This new and increasing values are what will keep banks or firms be growing, which can facilitate economy booming in many countries such as Bangladesh. If there is no new value to offer customer, bank or firm wilts and eventually dies. Historical trends of economic growth of many countries such as Bangladesh, certainly ratify that addition of a new legal product will improve society beyond just immediate gratification of consumers. New products and services are the lifeblood of any firm or bank. Without them, firm, or bank withers on the vine and either dies or is absorbed by another firm. Banking sector is no different here where agenda-setting for having Voluntary Insurance in practice might be an important element that political actors will pursue designing policies. In this process, academicians' contributions, besides the proposal or publications in literature might be essential.

Keywords: On-the-Go banking, Perceived-risk, Voluntary insurance

Journal track: Economics

1. Introduction

In 21st Century business world, services are carried out in multifaceted, competitive and rationality manner. It is characterized by evolving many factors that are often unpredictable. On-the-go banking is an important product in financial sector. However, it faces serious pitfalls being it riskiness. Customers compete for time-saving options. Banks compete for marginalizing its operating costs then enhance revenues. Most cases, customers don't read terms & conditions of services and they don't save contract-copy. These weaknesses may cause abuses. Customer faces perceived-risk-factors such as hidden charges, extra fees, account hacked.

Addressing the issues, Voluntary Insurance as a new product in digital banking is proposed (Rahman, 2018) in multifaceted literatures including a book published by Lambert Academic Publishing, European Union. However, any academic publication in literature does not guarantee its application in practice unless policy-practitioners are engaged designing relevant policies addressing the issue in general. It is no different in case of promoting On-the-Go banking services in countries such as Bangladesh and beyond in global economy. Thus, the question is: what the academicians can further do besides proposal or publication in literature?

First, the current study attempts to layout foundation of the proposal – Voluntary Insurance in support of rapid growth of On-the-Go banking services in global economy. Lastly, it attempts to tip-off on how to make the proposal to be appealing to policy-practitioners for policy design country-wise globally, especially, in Bangladesh.

2. Literature Review

Several empirical studies identify the perceived risk that is having a significant negative and direct effect on consumers' adoption of On-the-Go banking (Lee, 2009; Kuisma, Laukkanen and Hiltunen, 2007). The security / privacy risk, as one of the main dimensions of perceived risk, appears to be the most inhibiting factor in the adoption of digital banking (Lee, 2009).

Addressing the digital dilemmas in financial sector globally, the current author proposed having "Voluntary Insurance" as a product of banks sector in operation (Rahman, 2018). This addition to behavioral intention theories in literature, especially, literature in subject area of entrepreneurship and innovation management is now well recognized. However, relying on

extensive Website-navigations as of today, it would not be overstated claiming that no bank or banks sector of a country or countries globally has yet introduced “Voluntary Insurance”.

In 21st Century technology-driven world, governments in almost all countries want to see effective utilization of technology facilitation in multi-faucets within its nation and beyond for the interest of human society globally. This raises question: how policy-practitioners of each country can globally be inspired designing public policies so that banks sector of each country become obligated adopting Voluntary Insurance policy in digital banking services.

It is well recognized no matter what country we talk about; agenda-setting is about having an issue considered by policy-makers. For politicians, officials and interest groups, agenda-setting is an important part of policy-making because getting an issue considered is a precondition for decision-making: only when an issue is being considered is there a chance that some decision on that issue will be taken. Therefore, agenda-setting is an important element of the strategies that political actors pursue (Beyers, 2008).

However, any academic publication or proposal in literature does not guarantee its application or agenda setting in practice unless policy-practitioners are engaged for designing relevant policies addressing the issue in general. The process of setting agenda for policy-practitioners’ attentions in any country goes through various challenges (Kindon, 1995). Widely accepted two distinct challenges are: gaining attention for an issue – what is at stake here is to get (potential) supporters to pay attention to the issue. The second challenge is to build sufficient credibility for the nation to deal with the issue for the interest of the nation.

Gaining attention is a crucial element in all agenda-setting processes: mobilization of interest is what agenda-setting is about. The question is: how can it be done with the efforts of academicians globally under the umbrella of World Bank and local banks sector of a nation?

This study takes on the challenges to layout the foundations of adopting the proposal – Voluntary Insurance for rapid growth of On-the-Go banking services. Then it makes suggestion on how academicians can further contribute globally, besides making proposal or publication in relevant literature.

3. Objective of the study

The primary objective of the study is to establish the basis of the proposal – Voluntary Insurance for rapid growth of On-the-Go banking services in global economy. The other objective is to tip-off on how to bring the proposal – Voluntary Insurance to policy-practitioners’ attentions so that the proposed new product can be introduced in digital-banking operation in countries such as Bangladesh.

4. Elaboration of concepts for better understanding

For further clarity in the subject area, this section incorporates elaboration of concepts including the proposal “voluntary insurance” as follows

On-the-Go or Digital Banking: What is it?

Bank-led payment or mobile-led payment or a combination of the two is known as “On-the-Go or digital banking in today’s world-economy of business-mentality where people behave rationally without emotion. For further clarity, by using a computer or mobile device, On-the-Go banking involves managing bank accounts, transferring funds, depositing checks, and paying bills etc. Most banks and credit unions, beside traditional services, let customers access their bank accounts via the internet. Online bank branch, on the other hand, is typically one that customer access only through the internet, which may facilitate all services, or a portion depends on where it is located. Online bank branches mostly seen in most developed countries; however, it is very rare in developing countries such as Bangladesh.

On the same token, mobile banking typically operates across major mobile providers in a country through one of two ways: SMS messaging and mobile web. It is like online account access from a home-based computer.

This option allows for checking balances, bill payment and account transfers simply by logging into the user's account via a mobile web browser or by dialing targeted phone numbers bKash, Ucash and Paypal etc. Few names that helps new way financial services like in many countries, today world-economy, especially, banks sector is operated providing services in multi-faucets meeting customers' needs. Besides bank branches, the bKash, Ucash and Paypal etc. are the latest of the progression where customers use them for banking-services no matter where they reside. For example, bKash and Ucash in Bangladesh act as a catalyst for economic development of unbanked population by providing prompt, fast and safe banking products and services. Customers here enjoy user-friendly setup compare to that of other kind digital-banking option.

5. What is voluntary insurance: How should it work in banking system?

Addressing issues that undermine On-the-Go banking development in Bangladesh, Voluntary Insurance as a product of digital-banking is proposed. Financial sector can introduce it as a product in operation where bank or third-party can collect premium ensuring secured services. The way it would work is that customer's participation will be voluntary. Insurance will be attached to customer's account if customer wants it for digital services. Since the program will be designed in a way of transferring the risk away from its premium-payers, it will ensure premium-payers with a sense of certainty. Here premium-receivers will take extra measures for ensuring risk-free digital-banking services. For example, ATM Card or Credit Cards can be protected by setting two identifications such as password and a finger-scan. Suppose a customer wants to use ATM card where in order to access his account, the customer will have to use two identifications namely own setup password and previously chosen finger-scan say his thump or forefinger scan. Here finger scan in addition to password can be connected to the ATM system, which will make digital banking to be enhanced secure. Overcoming the risk of heist or hacker's access to bank accounts, under the proposal, similar own set up identifications can be used. In global banking cases such as remittances, the program can ensure risk-free on-the-go or digital banking services.

6. Methodology of the study

To establish the basis of the proposal – Voluntary Insurance for rapid growth of On-the-Go banking service in global economy, this study uses the Theory Consumer Choice & Behaviors in Microeconomics (Rahman, 2018). On the purpose of agenda-setting the proposal – Voluntary Insurance for attracting policy-practitioners’ attentions for policy-design, this study relies on the central theme of agenda-setting theory (Schattschneider, 1960).

7. Theoretical justification of policy option “voluntary insurance”

It is clear now perceived-risk factor plays an influential role in setting the stage for the proposal, Voluntary Insurance Option in On-the-Go banking services. It is palatable to assume that On-the-Go banking-customers are risk-averse, i.e., they prefer certainty to uncertainty when it come banking. Figure 2 illustrates the risk preferences of a risk-averse banking-customer.

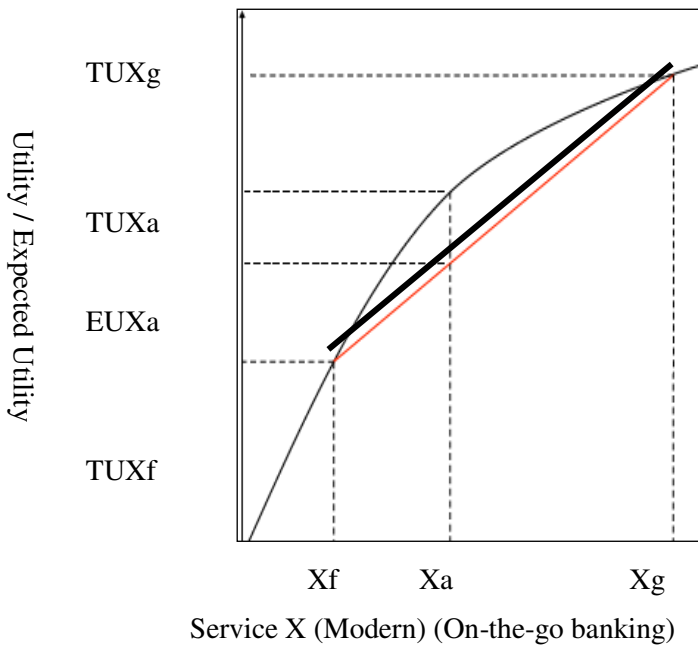


Figure 1: Risk Aversion Scenario, Source: (Rahman, 2018)

In a world of uncertainty, a customer's actual utility that he receives from digital services will never fall on the TU (X) but rather on the chord (the bold line) as shown in Figure 1. X_g , in Fig. 1, represents a service outcome in which customer may use a certain level of service X while X_f represents a negative outcome in which customer may use less of service X. As long as there is a level of uncertainty that a customer may not use X_g units of service X, the utility that this customer receives will lie somewhere on the chord (the bold line) in figure 1. Here the chord represents the expected utility (EU) of using service X, which lies in the concavity of the curve because it is the average probability that the customer will use service X or not. As a result, an individual will never receive TU (X_a) but rather EU (X_a).

8. How can the proposal be instrumental?

The goal of this proposal / article is to bring the issue to policy-practitioners' attentions through the 609th International Conference on Economics, Finance and Accounting (ICEFA) for spreading messages, it is crucial laying-out on how the proposal be instrumental? Other organizations such as International Economic Association (IEA) can also be instrumental conducting International Conferences on the proposal for the interest of human society in the globe. So that proposed new product can be introduced in digital-banking operation in countries such as Bangladesh. This raises questions: how can this new product be instrumental to banks sector and to society of a country or countries globally? Why is it important? Why now?

Answering the questions posed, it is palatable to say, transferring risk away from customers will directly benefit both private commercial banks (PCBs) and customers. It can further attract new customers who were on the brink using digital banking but just felt it was risky. The model can facilitate the customers with incentives for increasing usages of digital services while maintaining optimal utility of it.

Any new product, obviously legal one, is the lifeblood of business companies and societies. It can facilitate many ways such as: ensured new value for customers, improved society, and continued existence of the company in competitive market. However, a product in banks sector or any

other sectors of economy cannot be legal in place unless it is approved by public laws in its host-nation. In this sense, the proposed new product is not yet a legal one no matter what country economy we talk about.

However, Voluntary Insurance in place can ensure risk-free On-the-Go-banking, which can guarantee elevated self-service-banking activities in any economy. This can be beneficial to customers because it can ensure savings in the form of cost and time. Thus, customers will flock to it when they use banking services. By extra advancement of ICT usages, banking sector can be further competent cutting off its operating costs, meeting customers' needs and keeping up with global changes.

With this win-win setting for producer & user of the product in digital-banking, financial sector globally is no exception. In order to sail through tough competition and to sustain revenues, financial sector in many countries such as Bangladesh are engaging more than that of other kinds bank on adoption of IT in its operation (The Financial Express, 2015). However, it has failed reaching out to a major portion of customers in case of digital banking in many countries such as Bangladesh.

9. Impact of Voluntary Insurance: why is it essential? Why now?

Some customers may not use the On-the-go banking-services simply because they do not want to or they are not obligated to do because of, I would say, inherent risk involvement using the services. This is especially true for the relatively new and older aged traditional minded customers. This is because they may not have skills in using the services that more young generation have. Secondly, the Financial Express (FE) (2016) reported in its news-page that there was a growing number of complaints relates to digital banking. It concluded that these complaints have been undermining the progression of digital banking and causing huge monetary losses and making the approach to be inefficient in operation. As a result, it is essential that a system be instituted that will give customers a sense of enhanced security for increased digital banking services. The fact is that insurance was developed as a way of transferring the risk away from its premium payers. The primary goal of insurance is to provide the premium-payers with a sense of certainty, which is almost always preferred to uncertainty. With the maxim of an insurance program, implementation of the proposed model: voluntary insurance program can ensure an enhanced security of digital banking services no matter what country or economic system we live in.

Thus, as a foundation, the proposal is expected to be helping all users including new ones to achieve an optimal utilization of On-the-go services, which will allow them to grow. On the same token, it can ensure a significant contribution to economic growth with win-win slogans of parties involved. The proposal will facilitate a new product in market-system in world economy where customers will have choices to purchase it when they open bank accounts.

10. Who should subsidize the proposal of International Conferences: application of agenda-setting theory?

It is well recognized no matter what country we talk about; agenda-setting is about having an issue considered by policymakers. Agenda-setting is an important element of the strategies that political actors pursue (Beyers, 2008). For politicians, officials and interest groups, agenda-setting is an important part of policymaking because getting an issue considered is a precondition for decision-making, which requires gaining attention of the issue in hand.

Gaining attention is a crucial element in all agenda-setting processes: mobilization of interest is what agenda-setting is about. A central insight of agenda setting theory in this regard has been that controlling agendas is about controlling participation. As Elmer Schattschneider noted in his pioneering contribution in the field, ‘The outcome of all conflict is determined by the scope of its contagion’. The number of people involved in any conflict determines what happens; every change in the number of participants, every increase or reduction in the number of participants affects the result’ (Schattschneider 1960). By involving participants who support their cause and excluding participants who oppose it, political actors can change the agenda (Schattschneider 1960; Kingdon 1995). To do so, besides proposal or publication in literature, the academicians need to convince potential supporters by conducting Institutional International Conferences for the interest of global human-society. The question is: who would subsidize the agenda setting efforts for the better-ness of global economy meeting 21st Century technology-driven world demands.

Since a new product - Voluntary Insurance will be a product in banking sector, World Bank and the banks sector in a country or countries would contribute directly for development of policy communities by subsidizing interest groups. These groups will subsequently push for the issue at the national level. It has become a widespread practice in countries globally in particular in relation to (financially more constrained) public interest groups (Mahoney 2004).

In addition, both the banks sector and interest groups themselves actively will try to develop networks of experts and stakeholders within its nation for relevant policy-design. The banks sector can do so by convening groups on having On-the-Go banking in practice meeting the demands of 21st Century technology-driven world where academicians in the field can be tapping into for presenting the proposal to policy-practitioners.

11. Avenues for future research

If research grants are available, multi-facets studies can be conducted to scrutinize the proposal-Voluntary Insurance using opinion-survey of customers' On-the-Go banking in countries such as Bangladesh. In the proposed study, Factor Analysis and hypothesis development & testing can be carried out so that the expected findings can be educational enhancing the growth of risk-free On-the-Go banking services in countries such as Bangladesh.

12. Conclusion

Now adding the Voluntary Insurance, a new product in digital services, can be impetus meeting the 21st Century challenges. This new and increasing value is what will keep banks or firms be growing, which can facilitate economy booming in Bangladesh. If there is no new value to offer customer, bank or firm wilts and eventually dies. Historical trends of economic growth, Bangladesh, certainly ratify that addition of a new legal product will improve society beyond just immediate gratification of consumers. New products and services are the lifeblood of any firm or bank. Without them, firm, or bank withers on the vine and either dies or is absorbed by another firm. Society is well-served by the continuance of these companies from the

employment of individuals who work there or are consumers, and support for society at-large in the form of taxation and charitable giving. Companies and civilizations have little choice but grow and improve if they want to move from survival to thriving. The new products and services created and provided by companies of all sizes provide the mechanism for this growth and improvement. So, the question is: can policy-practitioners of a nation play role for better-ness of its modern-society when it come On-the-Go or digital-banking services? The answer to the question posed is, YES, where efforts of this publication alone cannot play significant roles in spreading message, which can be inspirational to policy-practitioners sooner than further delays. It can ensure a faster growth of world-economy.

Thus agenda-setting for having Voluntary Insurance in practice should be an important element that political actors will pursue for designing policy. In this process, academicians' contributions in the form of conducting International Conferences, besides the proposal or publications in literature will be instrumental. In that sense, meeting the demands of 21st Century technology-driven era, the Conferences can be subsidized by stakeholders within the nation or beyond.

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