

The Role of Bancassurance in Developing the Insurance Sector in Algeria

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Abstract:

Bancassurance in Algeria represents a promising opportunity for integrating financial services by offering insurance products through bank branches. This model has enabled the establishment of strategic partnerships between banks and insurance companies, facilitating the distribution of various insurance products such as life, health, and property insurance. Supported by legislative frameworks like Law 04-06 and technological advancements, bancassurance can enhance the effectiveness of both the banking and insurance sectors. However, bancassurance faces challenges such as limited product offerings, low income levels, and negative perceptions of insurance companies. Addressing these issues through improved integration between banks and insurance companies, product diversification, and enhanced customer experience can contribute to the growth and success of bancassurance in Algeria.

Keywords: Insurance, Banks, Bancassurance, Insurance Products

Jel Classification Codes:G22, G28,O16.

1. INTRODUCTION

The insurance sector has witnessed significant development and widespread expansion in recent years, becoming one of the most active and important sectors in supporting the economic activity of any country. Insurance provides companies and institutions with an effective means to protect their assets and capital against potential risks, which contributes to ensuring their continuity. Additionally, insurance plays a vital role in mobilizing savings and using them to finance productive investments, thereby enhancing economic progress. Insurance companies are responsible for distributing material losses among all participants to mitigate their impact, contributing to financial stability. For commercial banks, which face risks that may escalate into crises due to their central role in economic activities, they constantly strive to maintain their stability and continuity while supporting the activities of insurance companies that play an important role in strengthening the stability of the financial system.

In the context of commercial banks' continuous efforts to face challenges and achieve their effective role in economic development, they have introduced new products such as bancassurance. This service is a new addition offered by banks to their clients, after insurance products had been exclusively provided by insurance companies for decades. Since banks play a central role as financiers in Algeria, they need to build relationships that protect them from risks. Therefore, Algeria has enacted laws to support the integration between commercial banks and insurance companies, with the aim of enhancing performance and increasing the competitiveness of both sectors.

I .1. Problem Statement : In this context, we can pose the fundamental question that represents the issue of this study, which is:

To what extent can bancassurance contribute to the growth and development of the insurance sector in Algeria?

I .2. Sub-questions : To answer this main question, we pose the following sub-questions:

- What are the objectives of the alliance between insurance companies and banks?
- What are the reasons behind integrating insurance services into banking services?

I .3. Objectives of the Study: Through this study, we aim to achieve the following objectives:

- Analyze the current cooperative trends between insurance companies and commercial banks, and highlight the relationship between them.
- Review the most important alliances and conglomerates existing between the banking sector and the insurance sector.
- Shed light on the contributions made by banks in the field of insurance.
- Explore ways to activate the partnership between insurance companies and commercial banks in the future.
- Compare bancassurance activities in Algeria with its neighboring country, Tunisia.

. We have divided this research paper into three sections. The first section is dedicated to an overview of banks, while the second section focuses on bancassurance. The third section discusses the reality of the bancassurance experience in Algeria.

2. An Overview of Banks

A bank is an integrated entity, as it engages in intermediary activities and provides a wide range of financial services. This enables it to play a vital role in financing the economy and supporting, developing, and expanding businesses.

2.1.What Are Banks

Banks are financial institutions that play a fundamental role in the economy by providing

various services, including deposits, lending, and financial transfers. Banks act as intermediaries between individuals and businesses on one hand, and financial markets on the other, contributing to economic growth and financial stability. The services provided by banks also extend to insurance and investment, further enhancing their vital role in the development of both local and global economies.

2.1.1. The Emergence of Banks

The emergence and development of banks have been closely linked to the evolution of economic and social life. The first form of banking appeared in Mesopotamia around 3500 BC. The principles established by Hammurabi in 1675 BC in his Code are considered some of the most important and earliest historical texts on deposit, credit, interest, and related guarantees.

Historians note that the first appearance of banks in their modern form was in the city of Venice in 1557. In 1587, another bank named "Brealto" appeared in Venice as well, and then banks spread across Europe, such as the Amsterdam Bank in 1609, the Hamburg Bank in Germany in 1619, the Bank of England in 1694, and the French Bank established by Napoleon I in 1800 (Abdel-Baqi, 2016, pp. 11-12).

2.1.2. Definition of Commercial Banks

The origin of the word "bank" or "banco" comes from the Italian word "banc," which means the bench where money changers sit to exchange currencies. This concept later evolved and came to refer to the table (comption), which was the place where currencies were counted and exchanged. The term further developed when it began to refer to the place where money trading takes place (Al-Nasour , 2015, p. 46) .

Definition of Commercial Banks:

A bank is defined as a "financial institution whose operations focus on collecting surplus funds from the public, thereby becoming indebted to them for their value and then re-lending it to others who benefit from it (and thus becoming a creditor to them)." In other words, a commercial bank is an institution engaged in the business of money, through collecting deposits, granting loans, and acting as an intermediary in financial transactions.

The law of March 13, 1982, states: "Banks are institutions whose usual mission is to obtain funds from the public in one form or another, and use them for their own account in discounting, lending, or administrative operations".

The definition provided by the Algerian legislator in Law No. 90-10 issued on April 14, 1990, related to the Currency and Credit Law, in Article 114 states: "A bank is a legal entity that permanently engages in all banking functions, including receiving deposits, granting loans, providing payment methods, and managing them."

2.1.3. Functions of Commercial Banks

The most important functions performed by commercial banks are as follows :(Bousla , 2015/2016, pp. 17-18)

Opening current accounts for clients and accepting all types of deposits;

- Granting loans to individuals and institutions;
- Opening documentary credits;
- Collecting promissory notes from clients or their customers;
- Creating money and credit;
- Buying and selling securities for its own account or for the account of its clients;
- Conducting cash transfers on behalf of clients, issuing letters of guarantee, and collecting checks and bills of exchange;
- Selling insurance products;
- Providing financial consultations to clients;

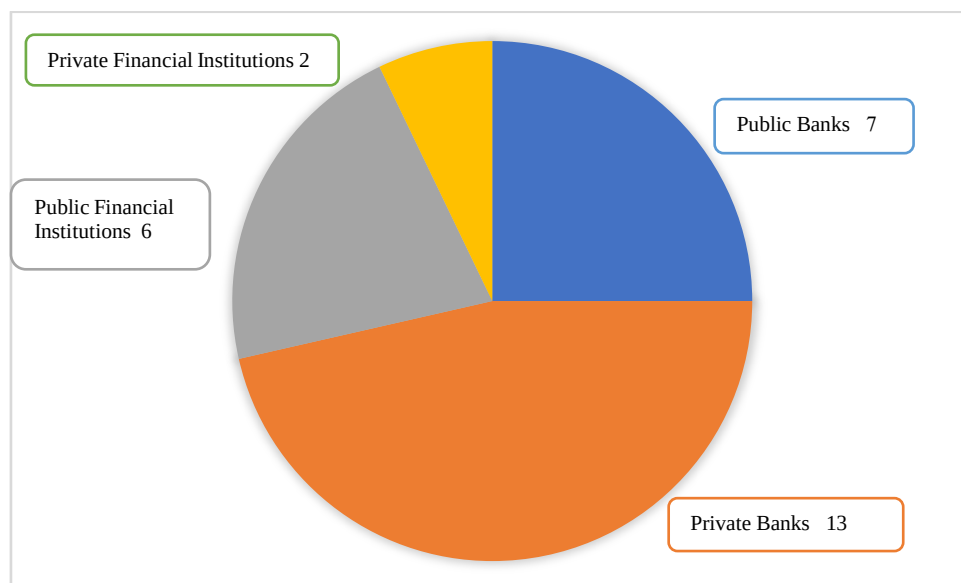
- Issuing securities;
- Engaging in asset leasing activities;
- Foreign currency investments;
- Managing investments on behalf of clients.

2.2. Structure of the Algerian Banking System

At the end of 2023, the Algerian market hosts around 28 banks and financial institutions, as shown in the following diagram. Their headquarters are located in Algiers, and they are distributed as follows: (Bank of Algeria, June 2024, p. 46)

- Seven (07) public banks;
- Thirteen (13) private banks with foreign capital, including mixed-capital banks;
- Two (02) public financial institutions;
- Five (05) specialized institutions in financial leasing, three (03) of which are public;
- One (01) agricultural insurance cooperative authorized to carry out banking operations, which, at the end of 2009, acquired the status of a financial institution.

Figure No. (01): Structure of the Algerian Banking System for 2023



Source: Based on the Annual Report of the Bank of Algeria, 2023.

2.3. The Alliance Between Banks and Insurance Institutions

Strategic alliances are defined as the complementary and reciprocal relationship that two or more institutions seek to form (Ahmed, 2000, p. 57).

The alliance between banks and insurance companies was a result of the increasing competition among businesses to control markets and resources. Due to the realization by the parties that competition, which could lead to the loss of significant market shares, was not effective (Bouchnafa, 2018, p. 121), strategic alliances began to emerge as an alternative and strategic choice between business organizations. The aim is either to share markets and resources or to benefit from the capabilities and expertise of the other parties. These alliances can take several forms, such as joint ventures, subcontracting, financial, marketing, and technological alliances, as well as borrowing and lending.

The alliance between insurance companies and banking institutions is considered one of the strategic methods that contribute to enhancing the growth and development of the institution in particular and the market in general, as an alternative to competition and conflict, which do not effectively address major challenges (Madat, 2022/2023, p. 60).

The following table illustrates the objective of the alliance between banks and insurance companies.

Table No. (01): Objectives of the Alliances Between Banks and Insurance Companies

Objectives	Cooperation Between Allies
➤ Market coverage ➤ Higher efficiency ➤ Improved production ➤ Acquiring new channels ➤ Control over marketing channels	- Participation in sales, supply, and manufacturing sources, i.e., reallocating marketing inputs - Strengthening commitment and innovation - Acquiring new distribution channels through market and sector segmentation - Increasing distribution options within local and international markets

Reference: MadatBadreddine, Reference previously mentioned, p 59.

3. Bancassurance

Financial and banking transactions have witnessed several new developments and rapid advancements, which forced banks and insurance companies to integrate and collaborate in offering certain insurance products and services, known as bancassurance or banking insurance services.

3. 1. The Historical Roots of Bancassurance

France and Spain were the first countries to launch the bancassurance project. In France, in the early 1970s, Assurance Du Crédit Mutuel launched two products: one was life insurance, and the other was insurance against fire and other various risks, after receiving approval from French authorities. This marked the first steps in the field of banking insurance. The launch of this activity was based on the idea of mediating in insurance for loans provided to borrowers to address situations where loans became non-performing due to the death of the borrower, thus making the insurance company a self-insurance provider for its clients (Qabli & Nakmari, 2012, pp. 3-4).

In Spain, bancassurance began in the early 1980s when the BANCO DE BILBAO group acquired the majority share in EUROSEGUROS SA. Although the initial acquisition was purely financial, Spanish laws did not allow banks to sell life insurance products at the time. This barrier was removed in 1991, and today, five major companies—VIDA CAIXA, BBVA, SHC SEGUROS, ASEVAL, and MAPFRE VIDA—control one-third of the Spanish insurance market (Younis & Zerrouki, 2015, p. 23). However, from a purely historical perspective, the true pioneers of bancassurance are the British, who created BARCLAYS LIFE in 1965 for life insurance. Despite their efforts, the company did not achieve significant success in promoting and marketing its products through this model.

In Belgium, in 1989, AG Insurance, the leading insurer in Belgium, partnered with GENERAL DE BANQUE to create a life insurance company called ALPHA-LIFE. Later, AMEV NV, a Dutch insurance company, and VSB merged their activities, and that same year, AG joined the merger, creating the first cross-border merger, forming a group called FORTIS. In 2004, the FORTIS Group entered into an agreement with the MUANG THAI Group to market both life and non-life insurance products, acquiring 25% of the life insurance market in the MUANG THAI group. Moreover, the FORTIS Group sought to develop bancassurance models in Asia through numerous agreements signed in Malaysia and China (Abdullah, 2017, p. 207).

3. 2. The Concept of Bancassurance

There are various definitions of bancassurance, some of which are as follows: Bancassurance is a French term that covers a wide range of agreements between banks and insurance companies, which, in all cases, ensure the provision of both banking and insurance

products and services from the same source to the same client. The definitions of bancassurance vary according to its strategic models and the perspectives of different economists (Mikati, 2010, p. 25).

Alan Leach defined bancassurance as: "The involvement and participation of banks, savings banks, and mortgage lending organizations in the manufacturing, marketing, and distribution of insurance products". Bancassurance has also been defined as: "The provision of life insurance products and services by banks and credit agencies" (Awad, 2015, p. 10).

Additionally, bancassurance is defined as: "The provision of insurance products and banking services through shared distribution channels that bring together bank customers and insurance company clients. The bank does not produce or manage the insurance services but is involved in selling and marketing them" (Hussein, 2012, p. 6).

From these definitions, it can be concluded that bancassurance, in its simplest form, refers to the distribution of insurance products through the distribution channels of banks. It offers a range of financial services that cover the customers' needs for both banking and insurance products and services. This is achieved through bancassurance, which involves various partnership strategies and cooperation between banks and insurance companies (such as the creation of joint branches, distribution of services, and agreements for integrated financial services).

3. 2. The purpose of bancassurance, or bank insurance, is to achieve a number of objectives. However, we must first address the reasons that led to the emergence of this integration between banks and insurance companies.

3. 2.1. Reasons for the Emergence of Bancassurance

The main reasons that have driven banks to invest in the insurance market can be summarized in the following points (Abdullah, 2017, p. 17):

- The complementary nature of the financial products of banks and insurance companies;
- The search for cost reductions in various forms: distribution costs, technical costs;
- Economies of scale: by introducing and expanding the volume of products offered, banks and insurance institutions together can produce products at competitive prices compared to those offered by multiple providers;
- A framework to facilitate convergence between banks and insurance institutions, and the growth of the concept of universal banking;
- Banks' tendency to increase customer loyalty by offering a complete range of services, which leads to an improvement in the bank's commercial image.

3. 2.2. Objectives of Bancassurance

Both the bank and the insurance company operate in different ways, which can be complementary. Thus, there are mutual interests in fostering closer ties between them. These interests can be achieved through purchasing shares in companies from the other sector or even through full integration (creating branches), thus creating financial conglomerates between banks and insurance companies.

Bancassurance has two categories of objectives: the first category is achieved initially when the bank distributes insurance products (operational objectives), while the second category is achieved during the maturity phase (strategic objectives).

3. 2.3. Factors for the Success of Bancassurance

Bancassurance has a number of factors that open up the potential for success in its operations, which are as follows (Al-Tahami, 2018, p. 29):

- A strategy that aligns with the bank's vision;

- Knowledge of customer needs;
- Establishment of clear sales steps;
- Provision of simple yet comprehensive insurance services;
- The necessity for a strong mechanism to deliver the service;
- Effective management of human resources and cash flows;
- The need for synchronized planning between the various departments of the bank and the insurance company;
- Full integration between insurance services and other banking services;
- Intensive training;
- Close monitoring of service sales results;

Effective and flexible databases.

4. The reality of the banking insurance experience in Algeria

In recent years, Algeria has witnessed significant development in the field of bancassurance, with this sector emerging as a strategic tool aimed at enhancing financial inclusion and supporting the national economy. The concept of bancassurance represents a new model that combines banking services with insurance services.

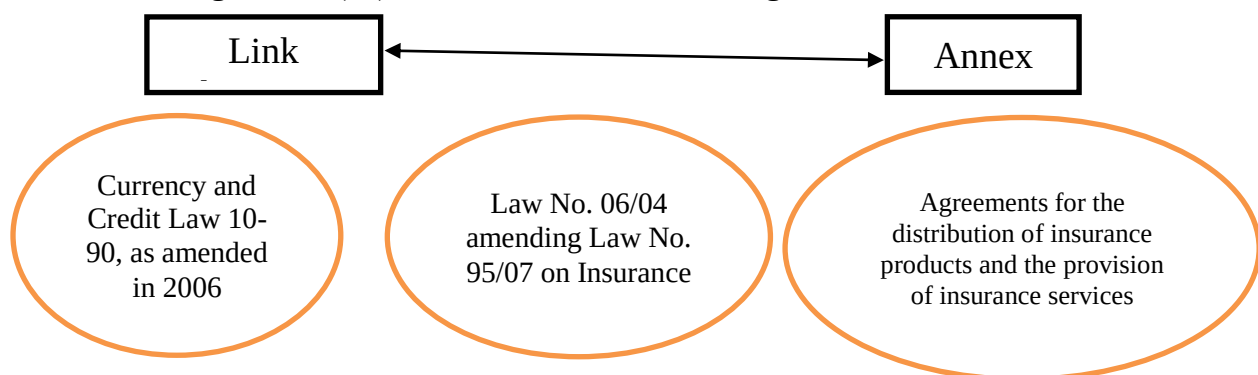
4.1. Legislative Framework for Bancassurance in Algeria and Key Agreements Between Banks and Insurance Companies

The legislative framework for bancassurance in Algeria serves as the foundation for regulating the relationship between banks and insurance companies, aiming to enhance integration between the banking and insurance sectors. Despite the existence of legislation regulating this relationship, its implementation still faces some challenges that hinder the development of this sector. In this context, the importance of agreements signed between banks and insurance companies becomes evident, as they aim to provide innovative insurance products that meet market needs and promote insurance culture in Algeria.

4.1.1. Legislative Framework for Bancassurance in Algeria

The legislative framework for bancassurance in Algeria consists of the link between banking law and the law regulating insurance activities, namely the amended Law on Money and Credit (10-90) of 2006, and the Algerian Insurance Law (95-07). In addition, the agreement regulates the process of distributing banking services by banks, as shown in the following diagram:

Figure No. (01): The Link Between Banking and Insurance Laws



Source: Hamoul Tarik, Bouchnafa Ahmed, "Modern Trends in Insurance Economics: Bancassurance," Reference previously mentioned, p. 184.

Bancassurance has become possible under Article 53 of Law 04-06, dated February 20, 2006, related to insurance, which states: "Insurance companies can distribute insurance products through banks, financial and semi-financial institutions, and other distribution

networks."

Subsequently, two decrees were issued to regulate the bancassurance activity. The first is Order 153-07, issued on May 22, 2007, which sets the conditions and requirements for distributing insurance products by banks, financial and semi-financial institutions, and other distribution networks. The second is Order 60, issued on August 6, 2007, which defines the insurance products that can be distributed. These new regulations allow for the intensification of the insurance distribution network, improve the coverage rate of the insurance market, and enhance access to bank clients.

4.1.2. The main agreements signed between banks operating in the Algerian market and insurance companies

Several important agreements have been signed between banks operating in the Algerian market and insurance companies. The most prominent of these agreements are shown in the following table:

Table No. (02): Highlights of the Agreements Between Insurance Companies and Banks.

The Bank	Insurance Companies	Date of the Agreement
National Bank of Algeria BNA	Algerian Insurance and Reinsurance Company CAAR	2010/10/04
Agricultural and Rural Development Bank BADR	National Insurance Company SAA	04/20/2008
National Savings and Reserves Fund CNEP	Cardif El Djazair	/03/252008
Paribas El Djazair BNP	AXA Insurance Algeria	
Popular Loan Bank of Algeria CPA	Algerian Insurance and Reinsurance Company CAAR	05//2008
External Bank of Algeria BEA	Algerian Insurance and Reinsurance Company CAAR Algerian Comprehensive Insurance Company CAAT	2008/05/11
Baraka Bank	Salama Insurance	2011/10/04
Local Development Bank BDL	National Insurance Company SAA	/04/192008

Source:

Abdel Razek Habar, "The Reality and Specificity of Innovation in the Insurance Activity with Reference to the Insurance Sector in Algeria," *Baghdad College of Economic Sciences Journal*, Issue 55, Iraq, 2018, p. 360.

Tessouri Ben Tessouri Bahia, "The Reality of Bank Insurance in Algeria During the Period from 2013 to 2017," *Numeros Academic Journal*, Maghnia University Center, Volume 2, Issue 2, Algeria, 2021, pp. 9-11

4.2. The Structure of the Algerian Insurance Market and the Contribution of Bancassurance to the Development of the Sector

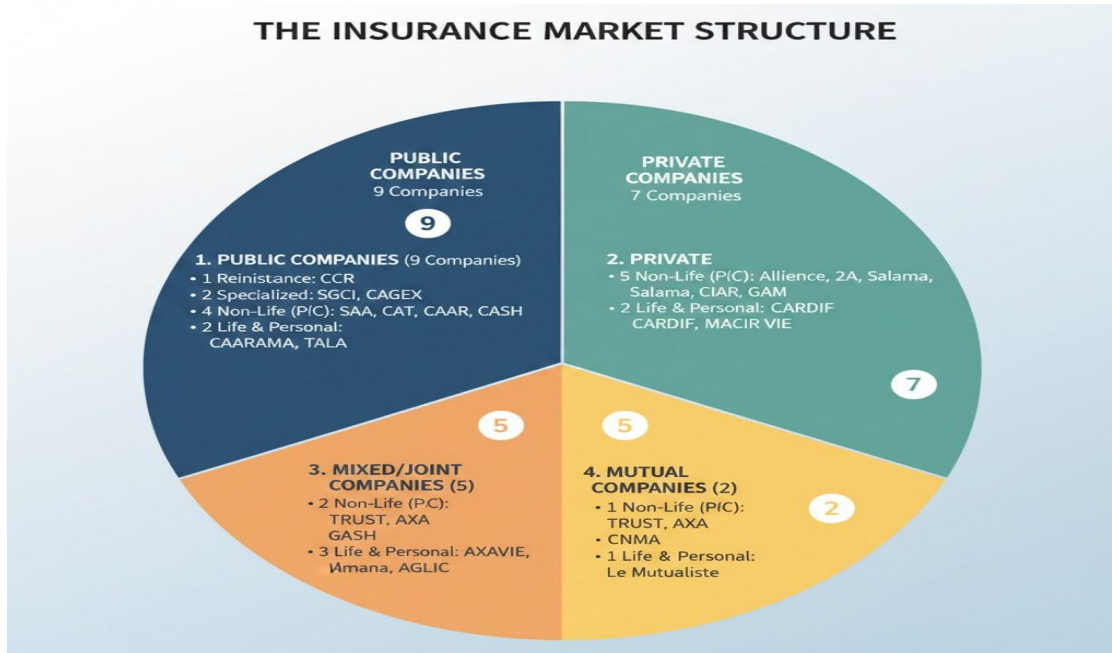
The Algerian insurance market is characterized by its diversified structure, which includes both traditional and Islamic insurance companies, with a strong focus on general and life insurance. Despite the development of this sector, it faces challenges related to insurance awareness and the regulatory framework. In this context, the contribution of bancassurance plays a pivotal role in the development of the sector, as banks represent an important channel

for expanding access to insurance services by integrating them into banking products. Through this partnership, insurance coverage is enhanced, and innovative solutions are provided to meet the needs of the Algerian market.

4.2.1.. The Structure of the Algerian Insurance Market

As of 2021, the number of active insurance companies in the Algerian market has reached 24, specializing in both property and casualty insurance as well as personal insurance. This is in line with Law 04-06, which amends and supplements Law 07-95, separating property and casualty insurance from personal insurance in order to develop the personal insurance service. This is illustrated in the following diagram.

Figure 02: Structure of the Algerian Insurance Market



Source: WWW.CNA.COM

4.2.2. The Contribution of Bancassurance to the Algerian Insurance Sector

Table No (03): Contribution of Bancassurance to the Insurance Sector in Algeria for the Period 2017-2022 (Unit: Million Algerian Dinars)

Type of Network	2017		2018		2019		2020		2021		2022	
	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%
Brokerage Agencies	89 148	% 67	91 063	% 66	90 637	% 63	88 727	% 65	90 493	% 63	99 100	64 %
General Agents and Brokers	39 780	% 30	41 865	% 30	48 195	% 33	43 275	% 31	48 073	% 33	49 587	32 %
Bank Insurance	4 756	% 4	4 824	% 4	5 618	% 4	5 555	% 4	6 204	% 4	7 199	% 5
Total Insurance Market	133 684	100 %	137 732	100 %	144 450	100 %	137 557	100 %	144 770	100 %	886 155	100 %

Source: Ministry of Finance, General Treasury Directorate, Insurance Directorate, Reports on Insurance Activity in Algeria, 2017-2018 - 2019-2020-2021-2022.

Through analyzing the data presented in the attached table and chart, it becomes evident that the bancassurance sector between 2017 and 2022 witnessed clear variations in market shares among the different channels. Direct agencies led the sector, achieving a share ranging between 63% and 67%, reflecting their dominant control over the market. This dominance is attributed to their ability to reach clients directly and offer diverse and quick insurance solutions that suit their needs.

On the other hand, general agents and brokers ranked second, with their market share ranging between 30% and 33%, thanks to their expertise in offering specialized advice and tailored services to clients. Bancassurance, however, had a modest share that showed little growth, ranging from only 4% to 5% of the total market. This can be attributed to several factors, most notably:

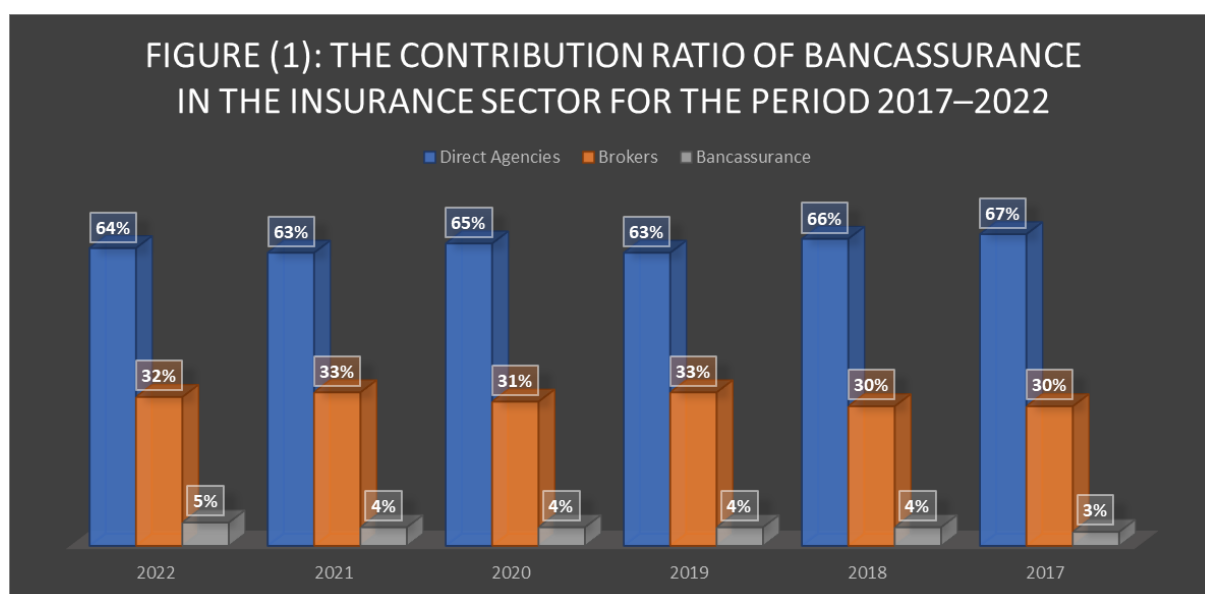
- **Limited cooperation between banks and insurance companies:** In some markets, cooperation between banks and insurance companies is still in its early stages, limited to a few insurance products offered to clients through banking channels. This limited collaboration has not contributed to attracting a larger share of the market, especially when compared to direct agencies, which have a broader and more diversified network of products.
- **Lack of awareness about bancassurance:** Despite the increasing awareness of the importance of insurance in general, bancassurance has not received sufficient attention from customers. Many individuals are unaware of the numerous benefits bancassurance can offer, or they prefer dealing with traditional insurance brokers due to the established trust they have in these channels.
- **Shift towards digital solutions:** While direct agencies have benefited from the expansion of digital technologies through online platforms and mobile apps, bancassurance has been slower in adopting these solutions. This delay in digital transformation has reduced banks' ability to attract younger clients or those who prefer seamless, direct digital transactions.
- **Dominance of traditional banking products:** Many banks focus on offering traditional banking services such as loans and deposits rather than insurance products.

This focus on core banking products has negatively affected the spread of bancassurance, as customers prefer dealing with well-known and secure banking products, considering bancassurance as an unnecessary addition.

- **Regulatory and legal challenges:** In some countries, banks and insurance companies face regulatory and legal challenges that hinder the development of bancassurance. These restrictions may include licensing requirements or difficulties in coordinating regulations between banking and insurance authorities, which reduces banks' ability to effectively develop this sector.
- **Competition with traditional insurance companies:** Although banks have a broad customer network, traditional insurance companies may be more experienced in providing insurance services. These companies might have developed advanced and more effective marketing strategies to increase their market share compared to bancassurance companies.
- **Restrictions on available insurance products:** Bancassurance typically offers a limited range of products, such as life insurance or accident insurance. In contrast, direct agencies offer a wide variety of insurance products, including health insurance, car insurance, and property insurance, making these more diverse channels more appealing to customers.

These combined factors highlight why bancassurance has not succeeded in achieving the expected growth due to the lack of product diversity, limited awareness, regulatory challenges, and customers' preference for safer, more diversified traditional channels.

Figure (03): Contribution of Bancassurance to the Insurance Sector in Algeria for the Period 2017-2022
Unit: Million Algerian Dinars



Source: Ministry of Finance, General Treasury Directorate, Insurance Directorate, Reports on Insurance Activities in Algeria, 2017-2018 – 2019-2020-2021-2022.

Based on the figure below, it can be observed that the bancassurance sector in Algeria between 2017 and 2022 had varying numbers and percentages. Direct agencies held the largest share of the insurance sector, ranging between 63% and 67%, which accounts for

about one-third of the market. Meanwhile, general agents and brokers ranked second, with their share ranging between 30% and 33%. In contrast, bancassurance's share was weak and did not experience significant growth, ranging between 4% and 5% of the total sector contribution. These percentages can be explained by several factors, the most notable of which are:

- **Prevalence of direct agencies:** These direct agencies have the ability to reach a large number of customers directly, which boosts their market share. They are also often more flexible in providing insurance products and services.
- **Role of general agents and brokers:** General agents and brokers form an important channel for selling insurance, relying on their personal relationships and market knowledge to expand their customer base.
- **Weakness of bancassurance:** Despite its many benefits, such as access to the customer base of banks, bancassurance is still in its early stages of development in some markets. This may be due to the limited insurance products available through banking channels and the lack of innovative or flexible insurance solutions that align with customer needs.

4.3. The Tunisian Experience and Its Comparison with the Algerian Experience in the Bancassurance Sector

The Tunisian experience in the field of bancassurance is considered an advanced model in the Arab region, as it relied on developing a legislative and regulatory environment that supports interaction between banks and insurance companies. This experience is reflected in the introduction of bancassurance as an innovative financial tool that enables banks to offer insurance services alongside their traditional banking services.

In contrast, the bancassurance sector in Algeria is still at varying stages of development, facing challenges related to legislation and the need to enhance cooperation between banks and insurance companies in a more integrated manner. Despite the similarities between the two experiences in some aspects, Algeria requires further legislative and regulatory reforms to stimulate the growth of this sector, thus enhancing its efficiency and competitiveness.

4.4. Obstacles to Bancassurance in Algeria

There are several obstacles and challenges hindering the development of the bancassurance market in Algeria, including the following:

1. Legal and Regulatory Obstacles:

- The absence of clear legislation that effectively regulates the relationship between insurance companies and banks to promote the development of bancassurance.
- Regulatory frameworks are often complex, limiting the freedom of cooperation between banks and insurance companies.
- Some laws may restrict the ability of banks to offer diverse insurance products, hindering innovation.

2. Economic and Financial Obstacles:

- Weak demand for insurance, primarily due to low income levels in Algeria, causing customers to hesitate in purchasing bancassurance products.
- A focus on banking products, as customers prioritize essential banking products (such as loans and savings) over insurance, reducing interest in bancassurance products.
- The lack of incentives, with no financial or tax incentives to encourage customers or banks to invest in bancassurance.

3. Cultural and Social Obstacles:

- Weak insurance culture and lack of awareness among the population, as many customers view insurance as a secondary and non-essential option.
- Resistance to change, as there may be opposition to changing the traditional business model in banks and insurance companies, which hinders the adoption of the bancassurance model.

4. Organizational and Administrative Obstacles:

- Weak cooperation between banks and insurance companies, with a lack of coordination and integration between the two sectors to develop joint offerings.
- Lack of expertise and specialization, as well as weak skills and experience in banks to market bancassurance products and convince customers of their value.
- The complexity of lengthy administrative processes and the complications in preparing contracts may discourage customers from using bancassurance products.

5. Technological Obstacles:

- The weakness of digital infrastructure and the absence of advanced technologies necessary to facilitate the sale and marketing of bancassurance products.
- The lack of system integration and the absence of shared technological platforms connecting banks and insurance companies make the operations slow and inefficient.

6. Internal and External Competition:

- The dominance of traditional agencies and the heavy reliance on conventional channels (agencies and brokers) hinder the development of alternative channels such as bancassurance.
- The limited innovation and the lack of development of attractive insurance products specifically designed to meet the needs of bank customers.

5. CONCLUSION

Bancassurance in Algeria represents a promising sector, but it is still in its early stages, facing several obstacles that limit its growth, such as weak insurance awareness, the absence of an appropriate regulatory framework, and the lack of integration between banks and insurance companies. Despite the slow growth, indicators suggest its potential development if legal and administrative obstacles are overcome and trust among customers is strengthened. In comparison with Tunisia, the banking and postal networks play a larger and more developed role in the insurance market, with a larger market share (11-12%) compared to bancassurance in Algeria (4-5%). This is due to the more advanced legal framework in Tunisia and the existence of successful partnerships between banks and insurance companies, in addition to a higher level of insurance awareness among individuals.

From our study, we have reached a number of conclusions as follows:

- Bancassurance contributes to increasing insurance awareness among individuals and businesses, which enhances the insurance culture in Algeria. By offering integrated and simplified insurance products through banks, more individuals can learn about the benefits of insurance and participate in it.
- Bancassurance helps bring insurance services to larger segments of the Algerian society, especially through banking channels that customers trust. This growth in the customer base leads to increased demand for insurance products, contributing to the overall development of the market.
- By integrating insurance with banking services, new types of insurance products have emerged to meet the diverse needs of customers, such as loan insurance, health

insurance, and life insurance. This diversity helps attract a wide range of customers.

- Bancassurance provides a means of offering insurance coverage to beneficiaries of loans, which enhances the ability of banks to provide additional financing to customers. This improvement in access to financing strengthens the financial stability of individuals and businesses and stimulates economic growth.

Based on our study, we can provide a series of recommendations to promote the bancassurance sector:

- Reform the legislation by establishing a flexible legal and regulatory framework that supports bancassurance.
- Enhance awareness and launch awareness campaigns to increase the insurance culture among individuals.
- Promote digital integration and develop digital infrastructure, linking systems between banks and insurance companies.
- Offer incentives and provide tax or financial advantages to encourage customers to purchase bancassurance products.
- Train and qualify bank staff to effectively market and sell insurance products.

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