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Factors Affecting the Intention to Use Online Distribution Channels of Life Insurance Agents in Vietnam

[1] Thi Hong To, [2] Thi Huong Mai, [3] Thi Hoang Yen Vu
[1, 2, 3] University of Labor and Social Affairs, Hanoi, Vietnam

Corresponding Author: **Thi Huong Mai**

Abstract
In the context of solid digital transformation and information technology, marketing and advertising for life insurance are also becoming increasingly diverse. Among them, the new trend is consulting and marketing insurance policies through online platforms such as social networks, phones, and websites, which are becoming increasingly popular. Although the Internet is changing how customers interact with insurance companies, traditional sales methods such as face-to-face contact are still very important, especially for life insurance policies with great value and need high security. Fundamental agency intermediaries continue to play an essential role in this process. This study examines the purpose of using the online channel of insurance agents for their work-related activities by developing an online sales model through a technology acceptance model (TAM) with perceived usefulness factors and perceived ease of use affect the attitude and intention to use online sales methods of life insurance agents in Vietnam today.

Keywords: Online Distribution Channels, Intention, Life Insurance Agents, Vietnam

JEL Code: G02, G22, M31

1. Introduction
In the past, it was relatively difficult to distribute insurance products to consumers. It relies heavily on a system of consulting and support agents (Black *et al*., 1994) [4] because life insurance products are intangible products with many complicated terms and require long-term of participation. Thus, it is difficult for customers to choose insurance products themselves. In addition, with characteristics related to risk, many insurance products are said to be undesirable, so normally, the insurance product is usually "sold" instead of "purchased" compared to other conventional products. Therefore, the development of online life insurance distribution channels faces more difficulties and obstacles than online distribution of other fields. Although technology is moving very fast, the insurance industry in Vietnam is still slow in adopting e-commerce. The customers also do not want to switch to this latest technology as it is a challenge for them to get used to. The online life insurance is a product that meets the needs of customers as well as the world trend of 4.0 technology application. Trends in technology adoption and the use of the Internet, insurance and financial services distribution channels are undergoing dramatic changes (Grossman *et al*., 2004) [12].

Online shopping or e-commerce constitutes a new business trend. More and more organizations and individuals use technology to carry out their shopping behavior thanks to the advantages and benefits that the online system brings (Brown, 2003) [5]. In the context of massive digital transformation around the world, businesses realize that competitive advantage will not be determined by their organization alone, but by the strength of the partners and (Alt *et al*., 2021) [2]. In addition, under the impact of the Covid-19 pandemic along with the periods of social distancing, customers have become familiar with online distribution channels, especially in the filed of finance. The life insurance products are no exception to this trend.

Many studies have been conducted to examine the different challenges and opportunities of e-commerce adoption in various fields such as e-business, online training, online banking, e-government (Featherman *et al*., 2006, Hariharaputhiran, 2012) [11, 15]. However, for life insurance, there are very few case studies of online insurance. Life insurance is a component in the financial market, but the characteristics of the life insurance are completely different from those of other financial services. According to Aarabi and Bromideh (2006) [1], online insurance is the use of the Internet and information technology in the development, distribution, and sale of insurance services. More specifically, online insurance is understood as an insurance policy that can be requested, presented, negotiated and signed online. The use of the internet ensures better and more

cost-effective transmission of information over a large area. It changed the role of insurance agents or brokers from an "insurance intermediary" to a "transmitter" for clients (Arora, 2003) [3].

In addition, studies on life insurance purchase intention have only taken into consideration the traditional distribution channels or purchase intention in general. There are no studies that specifically mention online distribution channels in Vietnam. Therefore, the study of the factors affecting the intention to use online distribution channels of life insurance agents plays an important role in the development of the insurance market in the Vietnam today's context.

2. Literature Review

Life Insurance

The concept of life insurance is often considered from two aspects: the technical aspect and the legal aspect.

From the technical aspect, life insurance is insurance that includes commitments whose fulfillment depends on a person's lifespan (Davis, 1989a) [7].

Online Insurance Distribution Channel

Online insurance distribution channel is a channel that applies the Internet and related information technology to deliver insurance products to consumers(Dumm and Hoyt, 2003, Mayer, 2008) [9, 18]. The online insurance is the process of negotiating and signing an insurance contract on the Internet, and the implementation of online life insurance products is different from other types of products and services.

The Technology Acceptance Model (TAM) has become a powerful, in-depth model for predicting user adoption of technology (Venkatesh and Davis, 2000) [24]. Primarily, this model is applied to research the acceptance of using information systems and computer technology to buy certain products or services. TAM was shown to be a strong determinant and predictor of behavioral intention with behavioral intention related to information technology use.

The TAM model (Davis, 1989a) [8] proposes that the basic elements of perceived usefulness and ease of use relate to technology acceptance attitudes that directly impact the intention of user behavior. A person's technology adoption is determined by that person's voluntary intention to use the technology. In turn, intention is determined by a person's attitude toward the use of technology and his or her perception of its usefulness. Attitudes are formed from one's beliefs about the use of technology. Accordingly, the elements of the TAM model include:

Attitude

Attitude is defined as a set acquired in a person's memory towards an object that can be either a positive or a negative evaluation of that object, and the strength of the attitude is equivalent to the strength of this set (Fazio, 1990) [10]. Thus, automatic attitude activation occurs when a strong association has been established in memory between the subject's attitude as positive or negative evaluation. The stronger the attitude, the more likely it is to be automatically activated and therefore normally accessible from memory.

Perceived Usefulness

Usefulness (PU) is the user's subjective probability that using an application system will increase work performance, the efficiency of time-saving, or improve individual work performance. (Childers *et al*., 2001, Tobbin, 2012) [6, 20]. This performance also applies to increasing the efficiency of online shopping.

Perceived Ease of Use

Perceived ease of use (PEOU) is the degree to which users expect to use the system easily. Perceived ease of use refers to the extent to which consumers perceive they can benefit from the ease of control, ease of use, and flexibility in the use of technology (Davis, 1989a) [7]. Furthermore, if consumers perceive high comfort, they are more likely to adopt high technology than high utility. (Davis, 1989a) [7].

3. Methodology

This research aims to collect quantitative data to test the hypotheses to test generated from TAM theories to prove the relationship between particular variables (perceived usefulness, perceived ease of use, attitude, and intention).

The survey process was carried out with 250 questionnaires collected, but only 232 questionnaires met the requirements. The questionnaire was designed based on the theories introduced in the literature review. All the items used include 14 observation variables adopted from the validated scales of Davis (1989a) [7]. The data collected through the survey is processed by PLS-SEM 3.0 software (Hair Jr *et al*., 2016) [13], coded, and cleaned, then the theoretical model will be tested.

Research Model

Based on the literature review, the conceptual model research framework of this study is depicted in Fig 1.

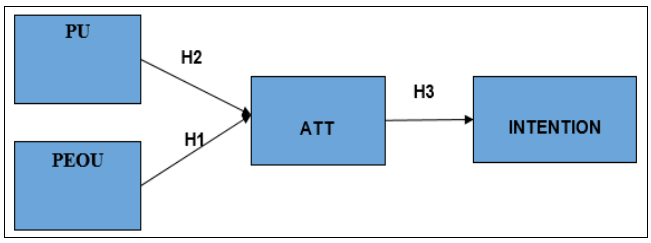

Fig 1: Research Model

Hypothesis

Hypothesis H1: Perceived ease of use has a positive impact on the attitude of intention to use online distribution channels of life insurance agents

Hypothesis H2: Perceived usefulness has a positive impact on the attitude of intention to use online distribution channels of life insurance agents

Hypothesis H3: Attitude has a positive impact on the intention to use online distribution channels of life insurance agents

4. Results

Descriptive Analysis

The results showed that 75 male and 157 female participants responded to the questionnaire. The number of women is higher at 67.67%. The gender gap in this survey is consistent with statistics of the agents in these insurance companies in Vietnam, in which the number of respondents aged from 31 to 40 years old accounts for the largest proportion. The second is agents aged from 40 to 50 years old, the third is from 20 to 30 years old and the last one is from 50 years old and above. The age structure of surveyed

agents is quite similar to the potential subjects participating in the insurance market.

Before testing the hypothesis, the reliability and validity of the data were carefully checked. These steps are done with Smart PLS. Then PLS and Bootrap analysis are employed to test the hypothesis (Hair Jr *et al*., 2016) [13].

Regarding the current situation of the surveyed subjects, the survey data on the status of using life insurance online channels included: via the web or online consultation through application platforms or application software of companies) of the surveyed subjects. Although 100% of the respondents have used online channels with the customer before, especially in the Covid-19 epidemic context, agents have yet to use this channel to replace the traditional direct distribution channel completely. Direct consulting activities are still prioritized. More than 50% of respondents show they often use face-to-face meetings rather than online counseling. Therefore, the results can be expected to address the reasons for using this distribution channel in the current context.

Construct Reliability and Validity

The reliability of the structures is determined by the indicator reliability and the internal consistency reliability Wong (2013) [25] defined the reliability of the index as the square of the factor loading of each indicator. The study also recommends that if this value is greater than 0.4, the reliability of the index can be ensured. In addition, internal consistency reliability for all latent variables was evaluated using Cronbach's Alpha and composite reliability (CR) (Hair Jr *et al*., 2016) [13].

In this study, the test applied to latent variables shows that the factor loading coefficients were all greater than 0.5 and the combined reliability coefficients were all greater than 0.7. The average variance extracted AVE of the concepts were all greater than 0.5, so they all ensure the convergence value of the scale (Hair Jr *et al*., 2017) [14]. Besides, the AVE of each latent variable was larger than the square of the correlation of that variable with the remaining latent variables; therefore, the scale ensures discriminant validity (Sarstedt *et al*., 2014) [19]. The variance inflation factors VIF were all less than 3.3, which means there was no multicollinearity phenomenon, and the scale therefore is suitable to apply the structural equation model (Hair Jr *et al*., 2016) [13]. The results of composite reliability analysis as follows.

Table 1: Construct Reliability and Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
ATTITUDE	0.901	0.906	0.932	0.774
INTENTION	0.732	0.735	0.848	0.651
PEOU	0.917	0.919	0.948	0.858
PU	0.805	0.831	0.871	0.628

The above results show that all variables make sure the composite reliability and are eligible to carry out the next analysis. Next, the relevance of the research model is evaluated through research data. The results of the model fit test are shown in the following table:

Table 2: Model fit

	Saturated Model	Estimated Model
SRMR	0.060	0.089
d_ULS	0.383	0.828
d_G	0.193	0.245
Chi-Square	267.393	314.463
NFI	0.868	0.845

The results show that the research model is consistent with the research data. Therefore, the research model is suitable for analyzing and applying the attitudes and intent toward using online distribution channels of life insurance agents. After completing the basic assumptions of PLS-SEM, bootstrapping is executed. This technique has been implemented to test the hypotheses. The results of bootstrapping PLS show that all hypotheses are accepted because the t-value> 1.96 and the P-value <0.05. Details are as below:

Hypothesis Test Results

Hypothesis testing was performed using Bootstrapping (Hair Jr *et al*., 2017) [14]. The analysis results show relationships in the research model at the 5% significance level. Thus, the hypotheses are accepted with the adjustment coefficient R2 of the attitude variable and the intention of using online distribution channels at 22.9% and 75.7%, respectively. In comparison, attitude is the factor that has the most positive impact on the intention of the life insurance agents, with a beta coefficient of 0.727 units. In turn, the attitude towards online distribution channels is adjusted by two variables, perceived usefulness and perceived ease of use, at 0.293 units and 0.387 units, respectively. The results of impact analysis can be shown in the following table:

Table 3: Hypothesis test results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values	Result
ATTITUDE -> INTENTION	0.727	0.730	0.029	25.014	0.000	Supported
PEOU -> ATTITUDE	0.387	0.388	0.060	6.478	0.000	Supported
PU -> ATTITUDE	0.293	0.296	0.058	5.053	0.000	Supported

Previous research on financial services has shown that trust is as important as or more important than perceived usefulness and perceived ease of use in forming attitudes toward applying financial services and online insurance applications from the customer's point of view (Lim *et al*., 2009) [16]. However, from the perspective of life insurance agents, the results of this study show that perceived ease of use, perceived usefulness, and technology attitude are fundamentally important in the intention to use an online insurance distribution channel. This result is similar to

previous studies of Maheswari and Chandrasekaran (2016), Toukabri and Ettis (2021), Uma Maheswari (2015) [17, 21, 22].

5. Discussion

The research results show that attitude is the most potent factor influencing the intention to use the agent's online life insurance distribution channel, with a strong impact coefficient. While the rate of using this distribution channel in Vietnam is low, it shows that the consultants' attitude still needs to be positive. Therefore, it is necessary to have solutions to promote this attitude through solutions towards problems such as.

Enhancing ease of use when buying life insurance online

To increase intent to use online distribution channels, operations on online platforms and applications should be as easy as possible. In addition, it aims to improve the online buying attitude of insurance agents through training courses integrated with the digital transformation process in insurance businesses.

In addition, to raise user awareness about use through businesses, it is necessary to develop after-sales, compensation, and insurance benefits settlement policies for customers coherently and simply so that agents can easily introduce and guide customers.

6. Conclusion

Although the TAM model (Davis, 1989b, Davis, 1989a) [7, 8] has been widely used in previous studies on online purchasing behavior or online financial services, the studies for life insurance agents are still limited. This study confirms that applying the TAM model is still meaningful when considering the behavior of life insurance agents in Vietnam. However, this study only used the elements of the primitive TAM model with three primary factors. Further studies may develop other factors as suggested by the extended TAM model (Umamaheswari and Chandrasekaran, 2015) [22] to understand in more detail the behavior of agents in the life insurance sector.

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