

STRATEGIC ANALYSIS OF BANCASSURANCE IN SABAH USING SWOT-TOWS-AHP FRAMEWORK

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ABSTRACT

Bancassurance has emerged as an important financial service distribution model that integrates banking and insurance products through a single platform. Despite its growth potential, the development of bancassurance in Sabah remains constrained by geographical challenges, low insurance penetration, limited financial literacy, and infrastructure limitations. This study aims to identify the key internal and external factors influencing bancassurance development in Sabah, formulate strategic alternatives, and prioritize the most suitable strategies using an integrated SWOT-TOWS-AHP framework. Data were collected through focus group discussions involving 16 industry practitioners from banking, insurance, and financial advisory sectors, supported by secondary data from industry reports and academic literature. The SWOT analysis identified four strengths, four weaknesses, four opportunities, and four threats affecting the sector. These factors were subsequently transformed into 18 strategic alternatives using the TOWS matrix and prioritized through the Analytic Hierarchy Process (AHP). The results revealed that Strength-Opportunity (SO) strategies received the highest priority (47.9%), followed by Strength-Threat (28.7%), Weakness-Opportunity (12.9%), and Weakness-Threat (10.4%) strategies. The highest-ranked strategy was deploying trusted bank staff to underserved rural communities. The findings provide practical guidance for banks, insurers, and policymakers in enhancing bancassurance penetration and promoting financial inclusion in Sabah.

Keywords: Bancassurance, Strategic Management, Analytic Hierarchy Process (AHP), Financial Inclusion, Rural Financial Services

1.0 INTRODUCTION

In today's fast changing financial services environment marked by digital transformation, customer centricity and growing regulatory hurdles, bancassurance has emerged as a compelling distribution model the world over. *Bancassurance* is a form of partnership between banks and insurance companies, where insurance products are made available through bank branches leveraging banks' huge customer base and existing infrastructure (Staikouras, 2006). This approach has gained popularity in Malaysia because it is a cost effective, convenient and it provides integrated financial services in a single platform (Bank Negara Malaysia, 2022).

The financial sector in Sabah, Malaysia's second largest state, has seen challenges of geographic fragmentation, lower financial literacy rates and digital infrastructure limitations. (Lu, Kosim, & Abdul Rahman, 2024). However, as bancassurance creeps into rural and urban segments, there is a compelling opportunity to address an increasing demand for integrated financial services amongst rural and urban population to bridge the gap in insurance penetration and financial inclusion. The bancassurance mechanism provides an efficient and scalable

mechanism to enhance the penetration of life and general products in Sabah, particularly taking into consideration that the insurance penetration rate in Sabah is still below the national average rate (LIAM, 2021), and there exists a heterogeneous socio—economic composition of the population in the state.

Despite its promising prospects, the implementation of bancassurance in Sabah faces significant hurdles. Some of the factors include low consumer confidence in bank-based insurance agents, regulatory hurdles, restrictions on data sharing and human capital limitations. Further external challenges include economic volatility, changing customer demands as well as a rising competition from insurtech firms and digital banks. The internal competencies and external risks are multifaceted issues that need a strategic, data driven approach to evaluate diligence. To overcome these challenges, the SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis, augmented by the TOWS matrix and the Analytic Hierarchy Process (AHP) can be a great strategic tool. This framework provides a tool for effective bancassurance strategy development, prioritization and the recommendation of effective and customized strategy for the bancassurance phenomenon in the context of Sabah's specific market condition. (Benzaghta et al., 2021; Gallego-Ayala & Juizo, 2011).

SWOT and TOWS analyses are standard strategic tools for the internal strengths and weakness as well as external opportunities and threats of a business and the TOWS matrix utilizes these analyses to formulate strategies by means of SO (Strengths-Opportunities), WO (Weaknesses-Opportunities), ST (Strengths-Threats) and WT (Weaknesses-Threats). While traditional SWOT- TOWS analysis provides a good starting point it sometimes lacks a prioritization aspect when used in complex, qualitative rich environments such as Sabah's multifaceted financial sector. This gap is filled by integrating the Analytic Hierarchy Process (AHP) into the analysis which allows for quantification and ranking of strategic factors based on pairwise comparisons. (Saaty, 2008; Albayrak & Erensal, 2004) Across diverse sectors such as tourism, agriculture and sustainability management, this hybrid SWOT-TOWS-AHP framework has been proven to be effective most recently in guiding strategic development of Muslim friendly homestays in Sabah (Lada et al., 2024) through aiding data driven decisions which balance internal capabilities with market potential. Using these demonstrated successes as a springboard, the current study builds on the same integrated methodology to examine the Sabah's bancassurance sector, a sector that parallels structural constraints and great growth opportunities to develop targeted, evidence driven strategies in a similarly constrained environment.

Thus, this study applies a hybrid SWOT-TOWS-AHP approach for conducting a strategic analysis of bancassurance in Sabah with the following specific objectives: (1) identifying critical internal and external factors influencing bancassurance development, (2) formulating strategic alternatives through the TOWS matrix, and (3) prioritizing these strategies using AHP methodology by leveraging on documented case studies and empirical findings. The practical insights from the research are capable of providing direction to appropriate strategies for managing bancassurance growth in East Malaysia while the methodological advancements deliver contributions on how an integrated strategic planning model can be applied in financial service settings. The study employs a systematic analysis to generate actionable recommendations to the banks, insurers, regulators and policymakers on how to establish sustainable, competitive and customer-oriented bancassurance solutions in response to the unique demographic and economic features of Sabah's communities which are crucial for the financial inclusion of underdeveloped places such as Sabah.

2.0 METHODOLOGY

Research Design

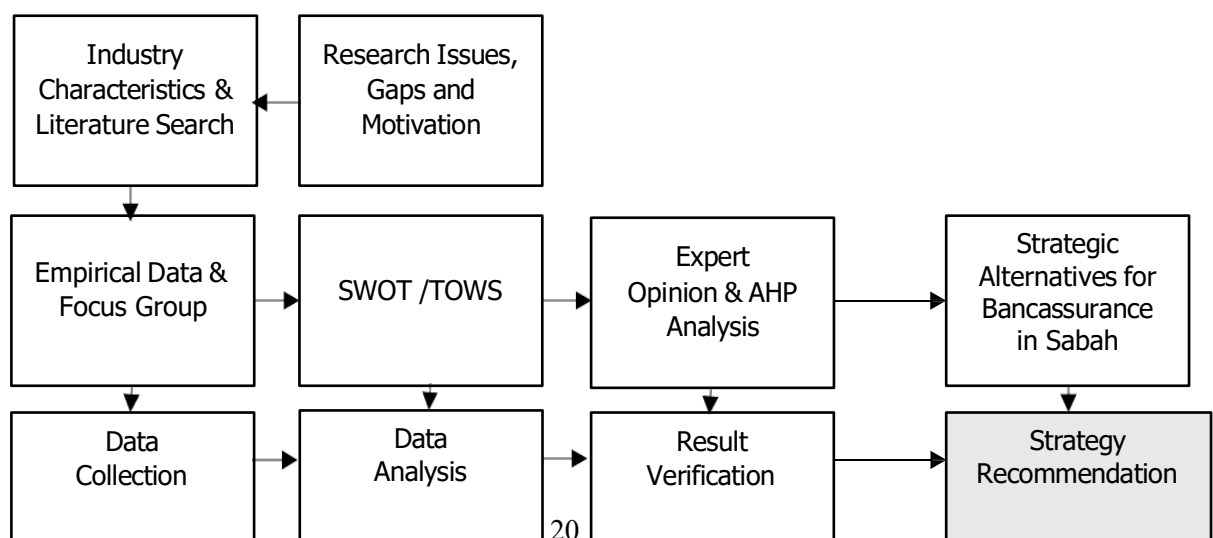
The researchers used a mixed-methods design divided into three sections to investigate bancassurance in Sabah using an integrated SWOT-TOWS-AHP framework. The process starts by establishing the primary aim and outlining the key research objectives of the study. Based on these objectives, a series of questions is developed to guide each session of the focus group discussions. First, researchers examine and study existing information, including Bank Negara Malaysia’s annual reports, data on bancassurance in the country, literature covering East Malaysia’s financial services and regulations about Sabah’s financial sector. The information gained from these sources enables spotting main SWOT factors and leads to the development of targeted questions on the problems and upcoming opportunities facing Sabah’s bancassurance environment.

In second phase, the technique involves deeper qualitative research and confirmation with experts by sampling core stakeholders, who are experienced in managing banks, offering insurance, overseeing financial rules and working with microfinance in rural Sabah. In this chapter, semi-structured interviews based on SWOT elements, analysis of the organization’s report documents and reviewing regional case studies are used to confirm the results from the first research phase. As a result of this approach, both the experience of practitioners and the consistent evidence are utilized in forming the assessment strategy.

During the last phase, integrated analysis is carried out using focus group discussions in urban such as Kota Kinabalu and Sandakan and semi-urban like Ranau and Keningau locations, with careful attention in choosing the venue that represent all areas geographically and ensure access for everyone. At these sessions, the team works with structured plans yet allows for any unexpected ideas to emerge and these are all carefully noted and recorded with permission from all participants. Taking the TOWS matrix and running it through AHP ensures a smart combination of historical data, experts’ opinions and observations of regulatory impact, resulting in a detailed decision-making plan. By combining various research approaches, this study increases its reliability and makes sure the analysis stays important to practitioners.

Figure 1 below illustrates the overall research flow, beginning from the establishment of goals to strategy generation through TOWS and prioritization using the Analytic Hierarchy Process (AHP).

Figure 1: Flow of the study



Data Collection: Focus Group

The primary method of data collection in this study involved examining and analyzing existing information. This involves reviewing Bank Negara Malaysia's annual reports, national data on bancassurance, literature related to East Malaysia's financial services, and regulatory documents concerning Sabah's financial sector. These secondary data provide a strong foundation to understand the strategic environment of bancassurance in Sabah and help in developing related insights.

In order to complement and validate these findings, focus group discussions were also employed in this study. It consisted of two sessions each with 6–10 participants, most being bank managers, insurance agents and financial planners with related experience. Bancassurance participants went through semi structured discussions which include internal strengths and weaknesses, external opportunities and threats relating to bancassurance, both in urban and rural settings. Open dialogue was encouraged during these sessions which were accompanied by notetaking and audio recording to keep the sessions on track. The discussions were then cross verified with industry experts to make the study more reliable and with more strategic relevance.

Data Analysis: SWOT-AHP

SWOT analysis is a strategic planning tool used to analyze and evaluate the relative strengths and weaknesses of a business or an initiative and the market or environmental opportunities and threats it might face (Benzaghta et al., 2021). This study therefore employs SWOT analysis model to identify the factors that may impact the development and performance of bancassurance in Sabah. Nevertheless, the state is unique in terms of its geographic, economic and infrastructural landscape, hence the need to assess these factors as in designing viable strategies of enhancing bancassurance accessibility and effectiveness in this particular case.

Objective 1: Identifying the internal and external factors impacting bancassurance performance in Sabah. (SWOT Analysis)

The first objective of this study is to identify factors internal and external to the company that affect the performance of bancassurance in Sabah. Drawings from real world insights are extracted from the focus group discussions with bank staff, insurance agents and financial stakeholders. Detailed views on the levels of trust, infrastructure, market gaps, advantages and protection from regulation and also competitive threats are captured by these discussions which inform the SWOT framework.

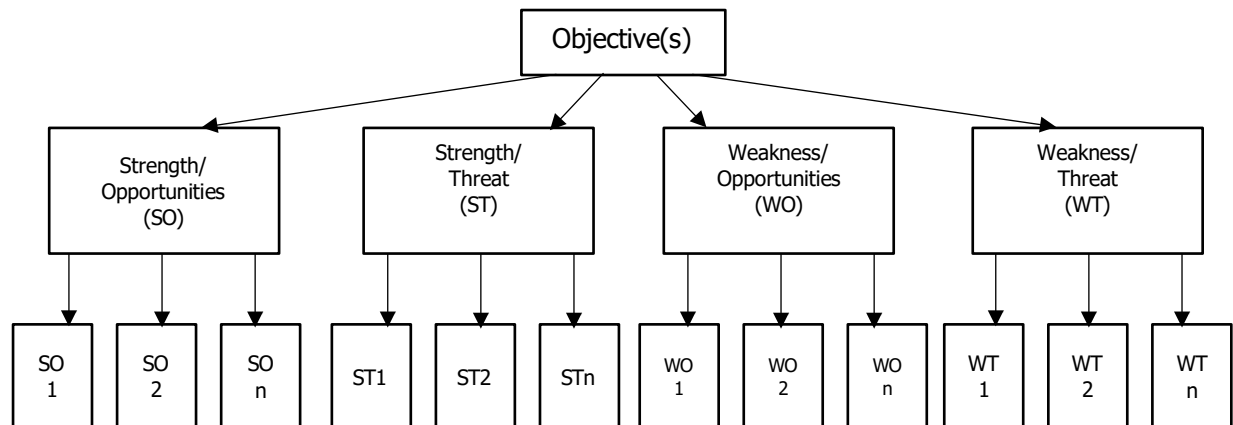
Objective 2: Determining the Best Strategy for Bancassurance in Sabah (TOWS-AHP Analysis)

The second objective is to identify and prioritize the strategic actions using TOWS-AHP approach. The SWOT findings are converted to TOWS strategies (SO, WO, ST, WT) which are finally assessed by the Analytic Hierarchy Process (AHP). This approach allows systematic comparison and ranking of strategic alternatives based on expert judgment and pairwise comparisons.

The AHP framework consists of three components: (a) the strategic objective (i.e., enhancing bancassurance reach and performance), (b) SWOT/TOWS strategic categories, and (c) their respective sub-factors. The hierarchical depiction of the TOWS framework is illustrated in Figure 2. The hierarchical structure facilitates a structured evaluation process that attributes weights to each criterion and consequently aids data based strategic recommendations. (Gallego-Ayala & Juizo, 2011). The integrated SWOT – TOWS – AHP model through the study will provide for the strategic planning for bancassurance in Sabah to

be based on stakeholder insights and prioritised according to their relevance and feasibility in the local context.

Figure 2: Hierarchical structure of the TOWS matrix



Source: Gallego-Ayala & Juizo (2011)

Expert Opinion and AHP Pair-wise Comparison

In this respect, expert opinions stand as one of the crucial tools for validating research findings, especially when the research touches the strategic evaluation frameworks such as SWOT – TOWS – AHP. Six professionals experienced in banking, insurance and financial services sectors were approached regarding this study to review and confirm the SWOT factors found in the focus group sessions. These are senior academics, bank executives and insurance industry practitioners, who possess deep knowledge and life experiences of the financial landscape in Sabah. The preliminary list of strengths, weaknesses, opportunities and threats was provided to them so that they could review and comment on it which was subsequently used to refine the strategic inputs.

After this an AHP questionnaire (Analytic Hierarchy Process) was distributed to the same group of experts. Then, using Saaty’s (2008) nine points scale, each expert did pair wise comparison between the SWOT factors to determine their relative importance in relation to each strategic category. This is a way of providing a structured and quantifiable way of prioritisation of factors, so that strategy formulation is done based on expert judgement and relevant to local financial environment. Table 3 presents the list of experts who contributed to the validation and AHP scoring process.

Table 3: List of Experts

Expert	Position	Organisation
1	Regional Manager	Bank Simpanan Nasional (East Malaysia Division)
2	Senior Financial Advisor	Prudential Assurance Sabah
3	Associate Professor Dr.	Faculty of Business, Universiti Malaysia Sabah
4	Branch Operations Head	CIMB Bank Kota Kinabalu
5	Insurance Education Officer	Malaysia Financial Planning Council (MFPC) – Sabah Chapter
6	Professor Dr.	Faculty of Accountancy, Universiti Teknologi MARA, Sabah

AHP Calculation

The primary concept behind integrating the Analytic Hierarchy Process (AHP) into the TOWS framework is to methodically evaluate the TOWS factors and render them comparable in terms of their significance (Kangas et al., 2003). AHP involves breaking down complex decisions into a hierarchical structure of criteria and alternatives and then comparing them pairwise to determine their relative importance. Here's a step-by-step guide on how to perform AHP calculations:

Step 1: Hierarchy Formation

Identify the decision you need to make and break it down into a hierarchical structure with multiple levels. The hierarchy typically consists of three levels: the goal, criteria, and alternatives.

Step 2: Pairwise Comparisons

For each pair of elements in the same level (criteria or alternatives), determine their relative importance by making pairwise comparisons. Use a scale from 1 to 9, where 1 indicates equal importance and 9 indicates extreme importance (refer to Table 4 below).

Table 4: AHP Pair-wise comparison scale

Expert opinion on pair-wise ranking of importance of sub-criteria and main criteria in the hierarchy	Scale
If option A and option B are equally important	1
If Option A is moderately more important than Option B	3
If option A is strongly more important than option B	5
If option A is very strongly more important than option B	7
If option A is extremely more important than option B	9
If option A and option B are equally important	1
Used to represent a compromise between the priorities listed above	(2,4,6,8)

Source: Saathy (2008; 1980)

Step 3: Consistency Check

Ensure consistency in your pairwise comparisons by calculating the consistency ratio (CR). CR helps you determine if your judgments are coherent. To compute CR, use the following steps:

- i. Calculate the matrix of pairwise comparison values.
- ii. Compute the weighted sum for each criterion or alternative by multiplying each value in the matrix by its corresponding weight and summing the results.
- iii. Divide the weighted sum of each element by its weight to get the priority vector.
- iv. Compute the largest eigenvalue (λ_{max}) of the matrix.
- v. Compute the consistency index (CI) using the formula: $CI = (\lambda_{max} - n) / (n - 1)$, where n is the number of criteria or alternatives.
- vi. Find the consistency index (RI) from a pre-defined table based on the order of the matrix (e.g., for a 3x3 matrix, RI is 0.58).
- vii. Calculate the consistency ratio (CR) by dividing CI by RI. If CR is less than 0.1, your judgments are considered consistent.

Step 4: Weight Calculation

After ensuring consistency, calculate the weights for criteria and alternatives using the priority vectors obtained from pairwise comparisons.

Step 5: Score Calculation

Finally, calculate the overall score for each alternative by multiplying the weights of criteria with their scores for each alternative and summing up the results. Below is a simplified formula for calculating the weighted sum of priorities:

$$\text{Weighted sum} = \sum_{i=1}^{\eta} \omega_i \cdot A_i$$

Where:

- ω_i is the weight of its criterion or alternative.
- A_i is the priority or score of its criterion or alternative.
- η is the total number of criteria or alternatives.

This formula is used at different levels of the hierarchy, such as calculating the weighted sum of criteria priorities to determine the overall priority of alternatives. According to Saaty (2008) the AHP methodology is summarized as:

- a. The problem is designed as a hierarchy containing the objectives, the alternatives, and the factors/sub-factors for evaluating the alternatives.
- b. Establish priorities among the variables of the hierarchy by making a series of judgements based on pair-wise comparisons of the elements.
- c. Incorporate these judgements to yield a set of overall priorities for the hierarchy.
- d. Make consistency check of the judgements.
- e. Conclude based on the results of this process.

3.0 RESULTS

Two focus group sessions were conducted between February to April 2025 which were the primary data for this study. There are 16 participants in total which were professionals involved in bancassurance operations in Sabah. These participants originated from a variety of institutions such as commercial banks, takaful and insurance providers and financial advisory firms. The individuals selected were directly involved in bancassurance planning, sales or regulatory compliance, therefore had the relevant insight into the internal and external factors that are driving the industry at the state level. The participants comprised from urban centers like Kota Kinabalu, Sandakan and Tawau and rural or semi urban areas like Ranau, Keningau and Kota Marudu. The perspectives are drawn from a wide geographic and operational realm, facilitating a broad and holistic perspective to Sabah's bancassurance landscape.

SWOT Analysis

This research systematically integrates the focus groups findings to the empirical data using the performance metrics of bancassurance (LIAM Year 2022 and 2023), financial inclusion reports (BNM Year 2022) as well as the academic studies of Jalani & Easwaramoorthy. (2024) and Wahab et.al., (2018) and further have the consistent patterns of the practitioner experiences and the documented data. By using thematic analysis and cross-verification strategic factors is distilled into a validated SWOT framework that reflect both qualitative stakeholder perspectives and quantitative evidence to ground TOWS strategies in operational realities and market data. The final list organized according to the sub-theme of strengths (S), weaknesses (W), opportunities (O), and threats (T) is shown in Table 5.

Table 5: SWOT Matrix

Category	Code	Key Point	Explanation	Reference
Strength	S1	High Trust in Traditional Financial Institutions	People in Sabah, particularly older demographics, tend to trust bank staff more than online channels for financial products.	Jalani & Easwaramoorthy, 2024
	S2	Lower Operational Cost Compared to Standalone Insurance Branches	Bancassurance allows insurers to expand into semi-urban and rural Sabah through existing bank outlets, avoiding infrastructure costs.	LIAM, 2023
	S3	Banks' Familiarity with Local Communities	Bank staff in small towns are often community members themselves, increasing trust and uptake.	Wahab, Bunyau, & Islam, 2018
	S4	Supportive Regulatory Environment	Bank Negara Malaysia promotes inclusive insurance access, including to underserved Sabah regions, through bancassurance.	Bank Negara Malaysia, 2022
Weakness	W1	Lack of Insurance Expertise Among Bank Staff	Many rural branches lack trained personnel to explain insurance products clearly.	MDRT Malaysia, 2022
	W2	Overdependence on Urban Markets	Most bancassurance business comes from urban Sabah (KK, Penampang), with poor penetration inland.	LIAM East Malaysia Roadshow Report, 2022
	W3	Poor Digital Infrastructure in Interior Areas	Digital-based bancassurance has limited reach due to unstable internet in rural Sabah.	MCMC Digital Connectivity Report, 2023
	W4	High Turnover Among Insurance Agents and Bank Staff Selling Insurance	Frequent staff turnover disrupts customer relationship continuity, reduces follow-up rates, and increases training costs.	Phillips, E. (2023)
Opportunity	O1	Untapped Rural Market	Many Sabahans remain uninsured or underinsured, especially in rural districts.	BNM Financial Inclusion Index, 2022
	O2	Youth and Civil Servant Segments	UMS students, young professionals, and government employees are ideal targets for bancassurance products like savings-linked insurance.	DOSM Sabah Demographics Report, 2023
	O3	Tourism Sector Workers Needing Protection	Many workers in ecotourism, diving, and hospitality need affordable protection plans.	Chan, Marzuki, & Mohtar, 2021
	O4	Mobile Bancassurance Models	Banks can introduce mobile vans or agents with tablets to reach off-grid communities.	Ministry of Finance Malaysia, 2024

Threat	T1	Limited Financial Literacy	Many rural Sabahans are unfamiliar with insurance concepts, making sales difficult.	FEN Malaysia, 2023
	T2	Dependence on Government Subsidies	Many lower-income Sabahans prioritize government aid over commercial insurance.	EPU Sabah Budget Report, 2023
	T3	Growing Competition from Takaful Agents	Islamic insurance (Takaful) agents are active in Sabah and may offer more culturally resonant services.	Takaful Malaysia Annual Report, 2023
	T4	Distrust from Past Mis-selling Cases	Poor customer experiences or misunderstood products erode trust in banks selling insurance.	InsuranceInfo, 2019

TOWS Matrix

This study employed TOWS matrix to analyze the strategic relationships between internal capabilities (strengths/weaknesses) and external environment (opportunities/threats) in bancassurance sector of Sabah. Through expert analysis and empirical validation 18 actionable strategies are found represented in four additional quadrants: SO (Strengths-Opportunities), ST (Strengths-Threats), WO (Weaknesses-Opportunities) and WT (Weaknesses-Threats). Table 6 demonstrates these evidence-based strategies towards the second research objective which is to provide banks and insurers with prioritized approaches that would help banks and insurers penetrate the market, mitigate risks and leverage the uniqueness of Sabah's financial landscape. Focus group insights are integrated with bancassurance performance analytics (LIAM, 2023), as well as the provisions from the regulatory guidelines (BNM, 2022) to enhance practical applications.

Table 6: Results of TOWS Analysis

External Factors / Internal Factors	Opportunities (O)	Threats (T)
Strengths (S)	<p>SO-1: Deploy trusted bank staff (S1, S3) to promote microinsurance to untapped rural areas (O1).</p> <p>SO-2: Utilize banks' rural presence (S2, S3) to offer savings-linked insurance for youth & civil servants (O2).</p> <p>SO-3: Launch mobile bancassurance vans (O4) using existing bank networks (S2) to access off-grid populations.</p> <p>SO-4: Train community-based staff (S3) to market affordable plans tailored to tourism sector workers (O3).</p> <p>SO-5: Leverage Bank Negara's regulatory push (S4) to roll out inclusive insurance pilots in underserved areas (O1–O4).</p>	<p>ST-1: Use high community trust (S1, S3) to rebuild confidence after mis-selling (T4) via education campaigns.</p> <p>ST-2: Introduce Shariah-compliant bancassurance options with BNM support (S4) to counter Takaful (T3).</p> <p>ST-3: Compensate for poor digital infra (T3) by deploying physical service delivery through banks (S2, S3).</p> <p>ST-4: Drive literacy efforts using bank trust (S1) and regulatory frameworks (S4) to tackle low awareness (T1).</p> <p>ST-5: Promote hybrid safety-net plans aligned with gov assistance (T2), supported by bank trust (S1) and policy (S4).</p>
Weaknesses (W)	<p>WO1: Train selected bank staff for rural markets (W1, W2) and deploy with mobile tools (O1, O4).</p>	<p>WT1: Partner with BNM and NGOs to deliver joint financial</p>

	<p>WO2: Launch affordable starter packs (W2) for youth & tourism workers (O2, O3) via mobile models (O4).</p> <p>WO3: Create an offline learning app for rural agents (W1, W3) to upskill for engagement in low-connectivity areas (O1, O2).</p> <p>WO4: Introduce hybrid digital-physical tools (W3) to penetrate rural Sabah using mobile agents (O4).</p>	<p>literacy roadshows addressing (W1 & T1)</p> <p>WT2: Launch retention packages for agents/staff (W4) to build trust and reduce mis-selling risks (T4).</p> <p>WT3: Offer mutual style microinsurance pools (W2) for low-income rural communities relying on aid (T2).</p> <p>WT4: Certify rural bancassurance agents to compete ethically with culturally aligned Takaful agents (T3, W1).</p>
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AHP Analysis and Strategic Alternative

The table below shows the importance of the degree of TOWS factors (TOWS standardized matrix). The research findings rank each TOWS group by its importance as SO (47.9%), ST (28.7%), WO (12.9%) and WT (10.4%). In this case, SO strategies are considered the most important factor, followed by ST, WO, and finally WT strategies. This weighting scheme suggests that the analysis strongly prioritizes leveraging internal strengths to capitalize on external opportunities (SO) while also using strengths to mitigate threats (ST). The relatively lower priority given to WO and WT strategies indicates that addressing weaknesses, whether to exploit opportunities or counter threats, is currently of secondary importance in Sabah's bancassurance sector.

Table 7: Importance of degree of TOWS factors (TOWS standardized matrix)

Strategy No.	Variables	S	W	O	T	Weight	Rank
1	SO	1	1.000	2.000	2.000	47.9%	1
2	ST	1.000	1	1.000	1.000	28.7%	2
3	WO	0.500	0.500	1	0.500	12.9%	3
4	WT	0.500	1.000	0.500	1	10.4%	4

Number of comparisons = 6; Consistency Ratio (CR) = 9.7%; Principal eigenvalue = 20.679; Eigenvector solution: 7 iterations, delta = 2.4E-8.

Based on the overall priority scores factors in Table 8, the study involved 153 pairwise comparisons using the Analytic Hierarchy Process (AHP) with a scale of 1 to 9. The obtained consistency ratio (CR) was 0.97 (9.7%), indicating reasonably consistent judgments and satisfactory reliability in the decision-making process. Based on the results of the AHP analysis, this study successfully identified the best strategy options based on their rank.

Table 8: Overall priority scores of TOWS factors

TOWS Group	Group Priority	TOWS Factors	Factor Priority (Within Group)	Overall Priority	Rank
SO	47.9%	SO1 - Deploy trusted bank staff to untapped rural areas.	30.8%	14.8%	1

		SO2 - Offer savings-linked insurance for youth & civil servants.	21.7%	10.4%	2
		SO3 - Launch mobile bancassurance vans to off-grid populations.	14.6%	7.0%	5
		SO4 - Train community-based staff to market affordable plans.	13.5%	6.5%	6
		SO5 - Leverage Bank Negara's regulatory.	19.2%	9.2%	3
ST	28.7%	ST1 - Use high community trust to rebuild confidence.	18.1%	5.2%	9
		ST2 - Introduce Shariah-compliant bancassurance options.	21.5%	6.2%	7
		ST3 - Deploying physical service delivery through banks.	16.0%	4.6%	10
		ST4 - Drive literacy efforts using bank trust and regulatory.	18.8%	5.4%	8
		ST5 - Promote hybrid safety-net plans.	25.3%	7.3%	4
WO	12.9%	WO1 - Train selected bank staff.	26.9%	3.5%	13
		WO2 - Launch affordable starter packs.	29.2%	3.8%	12
		WO3 - Create an offline learning app.	17.7%	2.3%	16
		WO4 - Introduce hybrid digital-physical tools.	25.4%	3.3%	14
WT	10.4%	WT1 - Partner with BNM and NGOs.	24.5%	2.5%	15
		WT2 - Launch retention packages for agents/staff.	12.7%	1.3%	18
		WT3 - Offer mutual style microinsurance pools.	20.6%	2.1%	17
		WT4 - Certify rural bancassurance agents to compete ethically.	44.1%	4.5%	11

** Number of comparisons = 153; Consistency Ratio CR = 0.97 (9.7%); Principal eigenvalue = 20.679; Eigenvector solution: 7 iterations, delta = 2.4E-8

The overall results from above highlight the priority scores of TOWS factors across different groups, including Strength-Opportunity (SO), Strength-Threat (ST), Weakness-Opportunity (WO), and Weakness-Threat (WT). In particular, the top solutions within the SO group are deploy trusted bank staff to untapped rural areas (rank 1) and offer savings-linked insurance for youth and civil servants. (rank 2), whereas in the ST group, promote hybrid safety net plans ranks highest. The main focus strategy in the WO group that rank 1 within group is to launch affordable starter packs and in WT group is on certify rural bancassurance agents to ethically compete. The findings enable Sabah's bancassurance sector to have a clear and strategic direction by pinpointing the most important focus areas in each category that they must leverage on their strengths, overcome their weaknesses, tap on opportunities and prepare for threats holistically.

4.0 DISCUSSION

(1) *What is the best strategy to pursue by bancassurance providers in Sabah based on TOWS-AHP analysis?*

The TOWS-AHP analysis that carried out in this study purposed to examine the relation between SO, ST, WO and WT as a means to evaluate, devise and propose the most suitable strategy in line with the priority and ranking for bancassurance providers in Sabah. Based on the top 5 priority factors outlined in the analysis for the Strength-Opportunity (SO) group, the suggestion with the highest overall priority is "Deploy trusted bank staff to untapped rural areas" (SO1, 14.8%), followed by "Offer savings-linked insurance for youth & civil servants" (SO2, 10.4%), "Leverage Bank Negara's regulatory support" (SO5, 9.2%), "Promote hybrid safety-net plans" (ST5, 7.3%), and "Launch mobile bancassurance vans" (SO3, 7.0%). As a result, bancassurance providers in Sabah should give priority to staffing rural areas with trusted bank staff, developing insurance products that link to people's savings, taking advantage of regulations that encourage inclusive insurance, offering hybrid safety-net insurance and

providing bancassurance services via mobile networks. Concentrating on these significant areas enables providers to offer financial services to a wide range of people in Sabah.

"Sabah's unique geographical challenges and diverse population require innovative approaches to financial inclusion. Bancassurance providers have a critical role to play in bridging the protection gap, particularly in rural and underserved communities." (i.e., Industry Expert 1, 3, and 5).

Strategy Option 1: Deploy trusted bank staff to rural areas (SO1)

Deploying trusted bank staff to rural areas in order to promote microinsurance represents become the main approach to financial inclusion. With the help of existing bank employees who are known to the community (S1, S3), providers can solve the problem of lacking trust that affects rural insurance use (T4). This method includes training bank employees to provide microinsurance information using the local language, delivering financial classes in village halls and making marketing materials that fit the culture. Knowing that a familiar face runs the branch shows people the product is credible. It also helps in increasing consumer's awareness of insurance and helps the bank build relationships with the community that ensure loyal customers and financial security in Sabah.

Strategy Option 2: Offer savings-linked insurance for youth & civil servants (SO2)

Creating savings-linked insurance products caters to the rising wish by youth and civil servants for financial products that are simple and available in one form (O2). With these products, new customers can enjoy the safety of insurance and the comfort of using a savings account. Civil servants need plans that fit with their payroll arrangements, but youths might find products more enjoyable when these have a mobile app and engaging aspects (Bank Negara Malaysia, 2021). Building on banks' current collaborations with government bodies and schools (S2), companies can look after people who have useful jobs but might not be protected from risks. This strategy also helps cultivate insurance awareness among younger demographics, building a pipeline of future customers (Islamic Financial Services Board, 2023).

Strategy Option 3: Leverage Bank Negara's regulatory support (SO5)

Following the rules and suggestions from Bank Negara Malaysia, providers can start trying out new insurance plans for underserved customers (O1-O4). This requires participating in testing environments for new products, taking advantage of financial inclusion grants and meeting reduction targets set at the national level for protecting vulnerable groups. The latest regulatory reforms have provided chances for simpler and more affordable microinsurance with efficient distribution processes (BNM Financial Inclusion Framework, 2022). Taking part in discussions with regulators and getting involved in joint efforts for financial inclusion allows bancassurance providers to influence policy and access new markets first. This approach proves useful in meeting Sabah's population needs and still maintaining high compliance standards.

Strategy Option 4: Promote hybrid safety-net plans (ST5)

Using hybrid safety-net products that combine support from insurance and from government benefits (T2) can strengthen the financial resilience of people living in poverty. These unique products can be set up to work with current social safety net systems by providing subsidized premiums to the lower-income group or automatically enrolling those currently assisted by the government (World Bank, 2023). Collaborating with welfare and social service agencies and using banks' infrastructure for payments (S2) allows insurers to simplify and speed up both enrolment and claims. The model makes it easier for more people to get insurance and

strengthens the whole safety network for the community. In Sabah, people from vulnerable communities face frequent problems with unstable economies and natural disasters (Department of Statistics Malaysia, 2022).

Strategy Option 5: Launch mobile bancassurance vans (SO3)

Mobile bancassurance vans overcome the difficulties of Sabah's infrastructure by providing insurance to remote communities (T3). With these special vehicles, insurers can go to rural areas, plantations and coastal towns to give fast product details, sign up new clients and handle simple claims on the spot. Agents who can speak the community's local dialect and know their needs well can be assign in these vans (Microinsurance Network, 2021). This method works together with digital tools by putting humans in touch with customers when needed and using devices that operate even without an internet connection. It is easier to offer electronic money services to women and the elderly by using special mobile units (UNCDF, 2022).

FUTURE RESEARCH

Bancassurance is expected to evolve with the growing demand of inclusive and accessible financial protection products in regions such as Sabah, where these products remain underserved. Such support may consist of the creation of insurance solutions tailored to the financial needs of low incomes and rural populations, including simplified insurance solutions and microinsurance solutions (Churchill & Matul, 2012). Bancassurance operations are also expected to improve customer outreach and service efficiency on the back of integration of digital platforms and financial technologies (Organisation for Economic Co-operation and Development [OECD], 2021). With tighter competition in the market, perhaps banks and insurers will pivot to new delivery models and customer centric services. It could give rise to emerging hybrid financial products and distribution strategies that can better be tuned with the socio-economic realities of different customer groups. In addition, regulatory innovation, digital literacy and promoting financial resilience are among future trends that could be promoted as joint collaborations between banks, insurers and government bodies (Bank Negara Malaysia, 2022). Future research is needed on bancassurance involving variables like consumer trust, preferences in distribution channel and the effect of digital tools on the engagement (Tennyson, 2011; PwC, 2020). Strategic analysis tools like IE Matrix, SPACE matrix and QSPM may be used to select an optimal growth strategy.

5.0 CONCLUSION

By conducting the strategic analysis of bancassurance environment in Sabah, it shows that Sabah has great potential to grow the penetration of bancassurance and create financial inclusion through the effective partnerships of bank and insurance. An ideal foundation exists for expansion of bancassurance services in Sabah, given the already existing banking infrastructure, an already high level of trust in already existing community-based financial institutions, increasing interest on protection oriented financial products. Nevertheless, the realization of this potential is constrained by a number of internal weaknesses. Specifically, low public awareness of insurance, low financial literacy levels and a lack of trained front-line personnel. Externally, the sector is challenged by other factors such as regulatory complexity, diminished consumer trust and especially, by the lack of access to supply for certain remote areas both geographically and in terms of the socio-economic background. These issues must be taken into consideration to fully realize bancassurance potential in the region.

This study proposes strategic options to overcome these barriers which provide a holistic framework. The strategies it proposes apply to the enhancement of public trust and

financial knowledge through targeted financial education campaigns in rural areas, the equipping of bank staff and insurance agents with the right training to render more customer-centric services and leveraging digital channels to render services accessible to different populations. In addition, insurance can be bundled with existing banking products and hybrid safety net solutions such as microinsurance that is subsidized and linked to government aid programs may be a viable way to reach accessible communities. If these efforts can be aligned with local needs and socio-economic context then these initiatives can act as a mitigating tool of financial vulnerability.

By bringing banks, insurers, government bodies and community organisations together in a strategic partnership, Sabah could be the East Malaysian corner where inclusive financial protection works. The use of integrated, people centred strategies enhances the operational efficiency and scale of bancassurance but supports larger development goals as well such as poverty reduction and resilience building. Though, bancassurance in Sabah can eventually be a transformative tool to bridge financial protection gaps and stimulate long-term socio-economic growth in the state through sustained commitment and innovation.

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18																		
	SO1	SO2	SO3	SO4	SO5	ST1	ST2	ST3	ST4	ST5	WO1	WO2	WO3	WO4	WT1	WT2	WT3	WT4
1	1	3.00	2.00	4.00	6.00	5.00	1.00	2.00	4.00	6.00	3.00	2.00	4.00	2.00	3.00	5.00	3.00	1.00
2	0.33	1	2.00	3.00	1.00	4.00	1.00	2.00	4.00	6.00	3.00	2.00	4.00	2.00	2.00	5.00	3.00	1.00
3	0.50	0.50	1	2.00	1.00	3.00	1.00	2.00	4.00	1.00	2.00	1.00	3.00	2.00	2.00	4.00	2.00	1.00
4	0.25	0.33	0.50	1	1.00	2.00	1.00	2.00	4.00	1.00	3.00	2.00	4.00	2.00	2.00	4.00	2.00	1.00
5	0.17	1.00	1.00	1.00	1	5.00	3.00	4.00	2.00	1.00	4.00	3.00	4.00	3.00	3.00	5.00	3.00	2.00
6	0.20	0.25	0.33	0.50	0.20	1	2.00	3.00	1.00	1.00	3.00	2.00	3.00	2.00	2.00	4.00	2.00	1.00
7	1.00	1.00	1.00	1.00	0.33	0.50	1	1.00	4.00	1.00	2.00	2.00	3.00	1.00	2.00	4.00	2.00	1.00
8	0.50	0.50	0.50	0.50	0.25	0.33	1.00	1	1.00	1.00	2.00	2.00	3.00	2.00	2.00	4.00	3.00	1.00
G	0.25	0.25	0.25	0.25	0.50	1.00	0.25	1.00	1	1.00	4.00	3.00	4.00	3.00	3.00	5.00	3.00	2.00
10	0.17	0.17	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1	5.00	4.00	5.00	5.00	4.00	6.00	4.00	2.00
11	0.33	0.33	0.50	0.33	0.25	0.33	0.50	0.50	0.25	0.20	1	2.00	3.00	2.00	4.00	3.00	2.00	1.00
12	0.50	0.50	1.00	0.50	0.33	0.50	0.50	0.50	0.33	0.25	0.50	1	3.00	2.00	4.00	3.00	2.00	1.00
13	0.25	0.25	0.33	0.25	0.25	0.33	0.33	0.33	0.25	0.20	0.33	0.33	1	2.00	1.00	3.00	2.00	1.00
14	0.50	0.50	0.50	0.50	0.33	0.50	1.00	0.50	0.33	0.20	0.50	0.50	0.50	1	4.00	3.00	2.00	1.00
15	0.33	0.50	0.50	0.50	0.33	0.50	0.50	0.50	0.33	0.25	0.25	0.25	1.00	0.25	1	3.00	2.00	1.00
16	0.20	0.20	0.25	0.25	0.20	0.25	0.25	0.25	0.20	0.17	0.33	0.33	0.33	0.33	0.33	1	0.50	0.50
17	0.33	0.33	0.50	0.50	0.33	0.50	0.50	0.33	0.33	0.25	0.50	0.50	0.50	0.50	0.50	2.00	1	0.50
18	1.00	1.00	1.00	1.00	0.50	1.00	1.00	1.00	0.50	0.50	1.00	1.00	1.00	1.00	1.00	2.00	2.00	1
	0.148	0.104	0.07	0.065	0.062	0.052	0.062	0.046	0.054	0.073	0.035	0.038	0.023	0.033	0.025	0.013	0.021	0.045
	20.67G	0.672																

Original AHP Result

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