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Research Article

Traditional Approach to Digitalization: To Mitigate the Issues via Technological Advancement

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Abstract: Nearly every citizen of the country is made up of monetary service firms such as banks, insurance companies, rental companies and finance firms. Financial services companies help individuals and companies save, borrow and manage investment funds. Insurance companies traditionally offer financial products aimed at assisting consumers in improving their financial situation in the event of a loss. While the majority of state-owned insurance companies intend to grow their revenues, the majority of their valuable benefits and trust come from consumers. Traditionally, a cooperative brand's primary objective has been to increase sales and to identify the company's marketers and to do so in accordance with their marketing strategy, not through technology adaptation. While digitalization has become a buzzword in recent years, it is debatable whether it has improved the feasibility and problem-solving mechanisms in the industry, where it has resulted in the discovery of new revenue streams. While some businesses initiate the digitalization process, others sit back and wait for others to reap the benefits. Nonetheless, the majority of insurance companies in the SL context have not fully leveraged their strengths in the digitalization process; thus, this paper focuses on the initiatives that lead them to a better understanding of how they should leap over the fence and provide superior service to their clients; however, this is not the only mechanism; different researchers have varying arguments. The future is contingent on how accessible your services are to consumers; remaining behind and attempting to generate demand is no longer acceptable, as good dominant logic is no longer valid; service-dominant logic actively challenges conventional marketing strategies; thus, digitalization is critical to remaining competitive.
Keywords: Digitalization Technological Advancement, Service Dominant Logic, Technological Adaptation.

1. Background of the Study

More and more technologies are rapidly transforming the world's insurance industry, especially in the near future to prevent fraud, streamline processes, and improve efficiency, smart technologies for underwriting, record keeping applications and auto-encoded payments. Cyber insurance has increasingly response data and is considered one of the key risks of the future business. On a global scale, insurance companies are increasingly involved in disaster relief, improving claims management efficiency and risk prevention assessment (Republic of Munich, 2018) and in the meantime, data increased 9% in 2018 compared to the previous year (CBSL, 2019). Structural reforms and policy uncertainties that have been common throughout the year, as well as the generalized political tensions with pandemic, have adversely impacted the business confidence and investor sentiment. Insurance (ICRSL annual report, 2019). There are 26 companies in Sri Lanka, six of which operate with key elements of foreign equity cooperation. Further merger of Janashakthi and Allianz will generally increase the competitiveness of the industry, triggering economic growth and thus decreasing this rate. Up to 3.72% development (Central Bank Statistical Data, 2020), this is mainly due to new marketing, distribution and payment methods that help promote the general

insurance industry. However, the growth rate of global GDP has grown slowly compared to 17% last year. This is mainly due to the negative growth in fire, motor and various insurance businesses and health insurance, which is the potential growth rate Covid 19.

1.1 Current Technological adaptation of insurance companies

General practice of the insurance industry is getting a quote over the phone but now it is fading, nowadays customers are more advance, therefore insurance companies have change accordingly since the customers are more in digital natives and find the best rates from the every insurer using single clicks without wasting the time to visit or insurance companies. There are several apps have introduced by the broker companies to make convenience the customers such as **Insure Me App**. Considering those factors insurance companies are well aware about the trends however question is that are the companies give better solution to the customer though they have invest millions of investment for the rapidly changing technologies for example **SAP**, there are several gray areas why they invest for such technologies and do they really adapt to the technologies and do they find the solutions from the technologies where they have made such investments. Price is the top concern factor when it comes to the customer side not surprisingly, though there are tons of paperwork about the technology's impact where it simply taking headache out of the blue. There are lot of barriers come into the action when in come into the negotiating in the complex environment and most of the time lowest rates drive the market, therefore some apps use by the insurance companies to cater the service to the customers, for an example fair fist use separate App which can provide the lot of information to the customers as well as SLIC also use App for their operation, and rest of the companies also tend to go for the digital application with the immerse contest where they search for competitive advantage.

1.2 Expectations of a frictionless personal experience

The digital technologies that enable this experience continue to evolve, leading to an explosion of data. And for insurance companies that can gain deep insights from this data, there are exceptional opportunities to improve agility, build profitable businesses, and differentiate themselves from the competition.

Insurance infrastructure is being built in developed countries, and this is a double-edged sword. Organizations are trying to modernize complex legacy systems and develop new ways of working (customer-centric) without sacrificing the old approaches that brought them where they are today. In this area, new players and companies in developing countries have an advantage: they can develop digital infrastructures that integrate the latest technology from the ground up without worrying about old analog forms of work operating in the new world. It is up to the leaders not to be left behind. It is therefore not surprising that an important area for improvement has emerged: the development of human intellectual capital. In particular, young graduates do not show much desire to participate in insurance compared to other, more "interesting" industries such as high technology. In addition, retaining experienced employees is a key issue. Especially when it comes to achieving the level of customer satisfaction that insurance companies strive for. Ultimately, happy and experienced employees lead to happy, loyal customers and in turn brighter long-term business opportunities. This is where tech can add value. Partnerships with technology can enable insurers to position themselves as dynamic, interconnected and potentially disruptive, helping them rise above their old and boring image. In addition, the prospect of participating in the implementation, improvement and development of innovative technologies can help attract and retain employees. Employees are more satisfied when they have the opportunity to improve their skills and learn at their own pace. And innovation, which is closely linked to tech, is continuous learning and growth.

1.3 Customer, Financial and Business

In the insurance sector face to face interaction has ceased with many customers now using Digital channel (although financial services in some countries are considered "essential" and offices and branches remain open). In general, customers are redirected to digital channels to obtain information,

services and inquiries, wherever possible. Financial intermediaries, agents and advisors face many of the same practical challenges. There are indications that insurance companies that have already invested in their digital capabilities (retailers and middlemen) are in a better position to respond to new communications, services and business activities. Interaction with bank guarantee channel clients has been greatly reduced, while subsidiary insurance companies have been effectively closed (with staff being reassigned to other priority support activities). There are indications that the corporate insurance interaction remains relatively stable (compared to personal line companies). While insurance communications are traditionally heavy on paper communications are now being adapted to reflect the fact that postal systems are affected. The ability of the call center to meet demand from a technology perspective and remote access has been challenging. Insurers have had to reorganize resources across the organization to adapt to changes in interactions with customers (For example, Redeployment of claims handling personnel to call centers). Disruption to the new business is also expected due to the proliferation of paper applications and the need for medical underwriting for some security products. Acceptance of deposits and payments cash remains a problem in today's environment.

1.4 Operational Resilience, Service Delivery and Workforce

Available evidence suggests that most business continuity and resilience plans did not include the full level of disruption caused by COVID-19; Business continuity plans are now updated in real time. In particular, the business continuity plans did not include all social distance and backup facility requirements. Despite this, there are indications that most insurers have responded well to some of the issues related to contact center staffing (remote staff access, access to appropriate equipment /laptops, etc.), without however, solutions have been found. Insurers have established cross-functional crisis response working groups and "command centers" to respond to the changing situation. In the absence of a well-functioning crisis response team or command center, the insurer may run the risk of not having a comprehensive response and a medium-term course of action. The risk to key people has increased due to the health risks of COVID-19.The control and management of operational processes was streamlined; in a crisis, there is a risk that procedures and controls are not applied consistently. Insurers must ensure that there are clear lines of communication within the organization and with key stakeholders. Crisis target groups must actively communicate and align their priorities with leaders and the board of directors. Crisis task forces should be empowered to make sufficient decisions both globally and locally (where appropriate). Triggers for activation and deactivation must be defined and continuity procedures must be considered. Heat maps of significant operational risks and impacts and associated contingency plans are required. Insurers can request an independent assurance that their controls and processes are working effectively. Service technologies and operations the manual nature of certain processes and capabilities, as well as the legacy IT infrastructure, challenged the ability of insurers to respond to a crisis. Many processes remain unnecessarily manual; in times of crisis and because staff have to work remotely, these processes are subject to a higher workload. Many processes are also poorly integrated, which creates problems because any process change (such as moving a process) must take into account many other processes. Failures in the process result in slower response times, more errors, and more backlogs that are not easy to fix. Insurers had to consider not only their internal operations, but also their integration with intermediaries (agents, brokers and financial advisers).Greater focus on cyber security and customer information processing, given the high level of confidentiality of information managed by insurers (for example, when processing claims).

2. Literature Review

Pirogova (2020) discusses the directions, challenges, and outcomes of implementing digital solutions in service-oriented businesses. It is demonstrated that digitalization in the service sector is the result of the emergence of a new type of resource: a wealth of detailed information about stakeholders. Digitalization has a direct effect on service sector businesses through the development of the institutional environment and technical infrastructure necessary for digitalization, as well as an indirect effect through the transformation of these businesses' missions and goals. The service

sector's digitalization areas are highlighted. It is demonstrated that the use of digital technologies has a significant impact on cost reduction and sales growth, as well as on the formation and use of intellectual capital by service enterprises. The characteristics of the enterprise's intellectual capital formation at various stages of its life cycle are discussed. The components of intellectual capital are defined, which have been given a boost in development as a result of digitalization. The article discusses possible positive directions for the impact of digitalization on intellectual capital elements and the dynamics of the impact of digitalization decisions on intellectual capital elements at various stages of the enterprise life cycle. Although digitalization is a reality for businesses and adds to value creation, few studies have looked at its impact on service sector business performance.

The purpose of this article is to look at how digitalization affects the performance of knowledge-intensive business services. The focus of the investigation is on how they use information systems (Ribeiro-Navarrete *et al.,* 2021), further this study reveals that constant variables such as the manager's age and gender, as well as the company's size, are also significant; additionally, this study examines how these variables affect knowledge-intensive business services performance, as measured in terms of future financial performance.

The research was carried out using fuzzy sets and qualitative comparative analysis. Finally, this research shows that keeping social media profiles up to date, using social media for business reasons, having a high degree of digital tool training, and hiring senior managers can all help boost firm performance. The recent boom in the services sector, particularly in emerging markets, parallels the rise of digital technologies. While the former may be a result of the latter, empirical investigation of this relationship is still limited. This article fills this void by examining the effect of digital infrastructure on employment in the services sector. Using panel data covering 45 Sub-Saharan African countries from 1996 to 2017, we find that digital infrastructure contributes positively to employment in the services sector. Further analysis reveals, however, that the positive effect of digital infrastructure on employment in the services sector is conditional on education, institutional quality, and macroeconomic conditions as measured by the inflation rate (Ndubuisi, 2021).

Competitive advantage has historically been a fluid concept that has evolved in response to changing business realities. Emerging technologies have expanded the range of resources that businesses must actively forecast and manage to maintain a competitive edge. Organizational people orientation and service delivery capabilities have emerged as the cornerstones of a contemporary framework for health insurance firms' competitive advantage, which is complemented by technical expertise, knowledge management practices, and product innovation strategies. The findings indicated that management of emerging technologies had a gravitational effect on firm competencies, thereby establishing a framework for contemporary competitive advantage (Nayak *et al.,* 2021). Adoption of digital technologies, such as the Internet of things and artificial intelligence, has risen to prominence in the last decade. The insurance sectors in developed countries have already begun to integrate digital technologies into their service delivery environments. However, in developing countries such as India, the healthcare insurance service sector has yet to fully leverage such digital technology-enabled platforms to transform itself in order to better serve patients, managers, physicians, and other healthcare practitioners. Thus, a conceptual framework is required with the overarching goal of clarifying the effects of digital technology adoption on healthcare services and their orchestration (Chakraborty, 2021).

3. Case Discussion

A large percentage of insurance executives believe they are using outdated technology in their day to day operations. Therefore, they also believe that the insurance industry is prone to attack and disruptive innovation. This is why many insurance companies have begun to explore new ways technology is affecting the industry. As a result, a number of startups, funded by insurance giants, suddenly sprang up. Following are some technologies suggested to implement for the insurance industry for next two years of time.

3.1 User Base Coverage

The Internet of Things (IoT) is likely to have a major impact on the insurance industry. This is because the lack of accurate and up-to-date data was likely the main reason why insurance companies were unable to properly price their products. The end result was an incorrect price of the products. As a result, people who were conservative in their lifestyles had to pay more premiums and those who took risks were more profitable. Also, the health insurance was issued with very little information about the patient's health. However, with the advent of the Internet of Things (IoT), this is likely to change. Devices are now available to help insurance companies collect data on how a driver uses a car or people's lifestyles. This means that companies can accurately assess risks and offer premiums accordingly. Additionally, the Internet of Things (IoT) will change the insurance game to be predictive rather than reactive. Insurance companies can now predict whether their clients have a lifestyle-related illness. Thus, they will be able to advise the patient to take due precautions and therefore save costs. The Internet of Things (IoT) is expected to be a revolutionary technology that will ultimately dramatically lower the cost of insurance (Madakam *et al.,* 2015).

3.2 Big Data Analytics

With the advent of the Internet of Things and use-based coverage, big data is making its way into the insurance industry. The basic premise is that as new technologies are deployed in the insurance industry, they will eventually generate massive amounts of data. However, insurance companies do not yet have the ability to turn this data into meaningful information. This is where big data and analytics come into play. They will help insurance companies structure their data so that meaningful insights can be easily drawn (Fang *et al.,* 2016).

3.3 Robotic Process Automation

Robotic process automation is used in most industries, and insurance is no exception. The insurance industry faces high costs due to the sheer amount of paperwork and administrative procedures that must be followed. From issuing a policy to paying for claims, many processes must be followed. The insurance industry is trying to cut costs by automating some of these processes. Insurance companies can even automated their entire claims management process. Complaints are not the only process in which automation takes place. Many insurance companies can begin to use algorithms that allow the underwriting of policies that offer premiums based on the information provided. Robotics is also being used to speed up data collection. For example, to pay housing claims, surveyors must visit damaged homes and click images. These images are then used to determine the extent of the damage caused and the compensation to be paid. Many insurance companies have started using drones to complete this process. Drones are faster, cheaper and therefore more efficient than manual surveyors (Lamberton *et al.,* 2017)**.**

4. Discussion

In comparison to other industries, insurance is a data-driven industry, with new data sources emerging at an exponential rate, creating new opportunities to improve process efficiency and provide super-fast claim payments. Previously regarded as digital laggards, insurers are now ramping up their technology adoption and process automation efforts. However, legacy systems continue to be a significant impediment. The issue here is not so much a lack of desire for change as it is the pervasive role of legacy systems in current processes. While FinTech firms face few barriers to adopting new technologies, established insurance industry players must find ways to modernize their legacy systems and fragmented processes. In line with current trends, digital analytics now provides insurance firms with new growth opportunities and solutions to previously insurmountable problem digitalization and insurance process automation. Digital analytics solutions that incorporate AI, natural language processing, and other technologies also contribute significantly to the expansion of the boundaries of digitalization and process automation. The digital transformation is of increasing relevance for insurance companies' business models. It leads to opportunities as well as challenges, especially for IT departments as core enablers or preventers. Against this background, the aim of this paper is to provide a conceptual overview of digital technologies. What so ever discussed here still

the Sri Lanka is in the early age of digitalization whereas primary requirements are being fulfilled. Conceptualization is not enough to fill the gaps more and more active participation is required to be perform in the industry and to be better competitor in the industry as well as to gain the competitive advantage.

Conflicts of interest: There is no conflict of interest of any kind.

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