

Investigating the digitalization and regulatory challenges of the insurance industry: A case study of Nepal

Sumir K Jha

DBA Scholar

2424890

University of Wales Trinity Saint David

INTRODUCTION

- Digitalization has become one of the defining drivers of transformation in the global financial services.
- Digital transformation has been widely adopted in the developed insurance markets, developing economies.
- The concept of digitalization has taken centre stage in transforming the way insurance is conducted, risk evaluation, customer interactions, and models of service delivery.
- Compared to the digital revolution in Nepal's banking sector, insurance digitalization has remained relatively slow (Gautam & Shahi, 2021).

Background

- The global insurance industry is moving rapidly toward digital service delivery.
- Post-COVID acceleration.
- InsurTech disruption.
- Need to understand how digitalization affects performance and service quality
(Islam et al., 2020; Kim, 2021)
- Indicates possible paradigm shift.
- Use of Kuhn's theory to interpret transformation.

Justification of the study

- The current literature tends to address the issue of digitalization in isolation, with a limited scope on the issue of technology, regulation or customer preparedness (Adhikari, 2020).
- Although policy focus on financial inclusion and digital finance has increased in Nepal, the insurance industry is still paper-based, agent-based and operationally ineffective (Ghimire, 2023).

Theoretical and Practical Contributions

- Theoretically, the current study can be applied to the Paradigm Theory by Kuhn to organizational and industry-level change in financial services. It theorises digitalization as a paradigm shift that includes crisis, anomaly, and revolutionary change in the insurance system (Kuhn, 1962).

Objectives of the study

- To evaluate global trends and technological developments influencing digital insurance.
- To analyse the current state of digitalization in Nepal's insurance sector.
- To investigate organizational, technical, regulatory, and customer-related barriers to digital adoption.
- To examine digitalization's impact on efficiency, risk assessment, customer experience, and inclusion.
- To propose strategic, policy-level, and operational recommendations for accelerating digital insurance adoption in Nepal.

Research Questions

- How is digitalization reshaping global insurance operations, strategies, and business models?
- What is the current digital maturity level of Nepal's insurance companies?
- How do customers in Nepal perceive and adopt digital insurance platforms?
- Which technologies and digital-use cases offer the highest potential impact for Nepal?
- What strategies can guide Nepal's insurance sector toward inclusive and sustainable digitalization?

Theoretical Framework

- The framework allows seeing digitalization as a structural change with anomalies, crises, and structural change.
- The theory is the Paradigm Theory created by Kuhn, which provides analytical consistency throughout the research (Kuhn, 1962).

Research Methodology

- Mixed-methods research design allows intensive analysis as it combines qualitative and quantitative designs

Data Collection and Analysis

- The research objectives are systematically in line with the data collection methods.
- Quantitative data will be analyzed using statistical methods (descriptive statistics, regression analysis) through SPSS.
- Thematic coding is used to analyse the qualitative data, which allows to detect similar patterns and insights.
- The integration method of analysis is guaranteed to provide triangulation and enhance the credibility of the results.

Ethical Considerations

- The research process is also carried out with ethical integrity.
- All participants have informed consent, and the data anonymization procedures are implemented, and data confidentiality is guaranteed.
- Sensitive data is kept in a safe and only utilised in academic use, whereby it can be in line with ethical standards set by the institution and the profession

Kuhn's Paradigm Theory

- Normal science → crisis → revolution → new paradigm
- Digitalization as an industry revolution
(*Kuhn, 1962*)

Applying Kuhn to Insurance

- Traditional manual system = *normal science*
- Rising customer demands = *crisis*
- Digital insurance platforms = *paradigm shift*
(Chaulagain, 2021)

DENOUMENT

- The present research is important in perfecting and finalising the eventual doctoral research proposal by improving theoretical understanding and methodological conformity.
- The research uses the Paradigm Theory of Kuhn to go beyond piecemeal conceptualizations of digitalization and place it as a paradigm shift in the Nepal insurance industry (Kuhn, 1962).

Final Thoughts

- The following research steps are based on the theoretical underpinnings, the high methodological rigour, and the empirical findings that are obtained during the research.
- The concept of digitalization is gradually being accepted as an unavoidable paradigm shift in the insurance industry of Nepal, changing the ways of operations, the customer engagement model, and the organizational system
- Further work with insurers, regulators, and customers will be necessary in order to grasp dynamic digital practices and new issues in the sector.

Conclusion

- This paper applies the Paradigm Theory of Kuhn to give a holistic, theory-based insight into the digital transformation of insurance in Nepal.
- The paradigm-based approach permits the systematic understanding of the resistance, crisis, and structural change in the insurance sector.
- Finally, the paper will provide strategic directions through which insurers and policymakers may contribute to the sustainable, inclusive, and resilient digitalisation of the insurance industry in Nepal to academic scholarship and policy implementation.

References

- Adhikari, N. (2020) 'Ethical issues in digital financial research', *Nepal Journal of Social Science*.
- Aryal, V. (2023) 'Paradigm shift in social science research: A general perspective', *Journal of Political Science*, pp. 111–123.
- Bell, E., Harley, B. and Bryman, A. (2022) *Business research methods*. Oxford: Oxford University Press.
- Bhattarai, S. (2021) 'Cybersecurity threats in Nepal's financial sector', *ICT Journal Nepal*.
- Ghimire, A. (2023) *Insurance industry trends in Nepal*. Beema Samiti Annual Report.
- Kuhn, T.S. (1962) *The structure of scientific revolutions*. Chicago: University of Chicago Press.

Thank You