



Analysis of Understanding and Belief in Interest in Becoming a Sharia Insurance Participant with Public Perception as an Intervening Variable

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Abstract: This research is motivated by the low public understanding and trust in insurance, even though this insurance is very important for future life. This study aims to analyze the influence of public understanding and trust on the interest in becoming a Sharia insurance participant, with public perception as an intervening variable. The study was conducted in the rural area of Sibuhuan, Padang Lawas, considering the low penetration of Sharia insurance due to low public understanding and trust. A sample of 100 respondents was drawn from a population of 22,464 people, referring to the age distribution of BPS 2024–2025. Analysis using SmartPLS 4 showed that understanding and trust significantly influenced interest, with trust as the dominant factor. Public perception was proven to strengthen the relationship between understanding and trust on interest in participating in Sharia insurance.

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INTRODUCTION

The insurance industry has experienced significant growth, especially in Muslim-majority countries such as Malaysia, Indonesia, Saudi Arabia, and Pakistan. In order to meet the needs of the Muslim community and attract investors from the Middle East, several European and American countries have begun to develop sharia security products. This growth is driven by increasing public awareness of Islamic finance, legislative support and the existence of Islamic financial institutions such as the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the Islamic Financial Services Board (IFSB) Insurance is an agreement between two or more parties, whereby the insurer binds itself to the insured, by receiving insurance premiums, to provide reimbursement to the insured for losses, damage or loss of expected profits or legal liability of a third party that the insured may suffer, arising from an uncertain event, or providing a financing based on the death or life of the insured person (Antoni 2021).

Despite its rapid growth, sharia security continues to face several challenges, one of the main challenges is the lack of public understanding of the idea of Takaful, limited product options compared to traditional insurance, and many national regulations (Brigham et al., 2020). Sharia insurance is growing rapidly and even excluding bank and non-bank financial organizations in Indonesia, the company is the insurance financial institution that is now Growing rapidly in society and in the business world, it is beginning to realize the importance of maintaining safety from various risks and uncertainties by (Fuadi, 2021).



Table 1. Growth of Indonesian Sharia Insurance Companies 2013-2021

Information		2013	2014	2015	2016	2017	2018	2019	2020	2021
Insurance companies	Sharia life insurance	3	3	5	6	6	7	7	9	9
	Sharia general insurance	3	4	5	5	5	5	5	6	6
	Sharia reinsurance	-	-	-	1	1	1	1	1	1
Total		6	7	10	12	12	13	13	16	16
Sharia Insurance Business Unit	Sharia Life Insurance	17	19	20	21	22	22	23	23	23
	Sharia general insurance	24	23	23	24	24	23	23	24	25
	Sharia reinsurance	3	3	3	2	2	2	2	2	2
Total		44	45	46	47	48	47	48	49	50

Data source: Financial Services Authority (OJK, 2025)

The Islamic economic system has become an in-demand alternative in various financial sectors, including the insurance industry. In recent years, sharia insurance has shown significant growth in line with increasing public awareness of the importance of financial protection in accordance with sharia principles, however, in some areas, public understanding and trust in sharia insurance is still a challenge that affects interest in becoming a participant (Sam et al. 2023).

Although the sharia insurance industry in Indonesia has been growing for 29 years, people still do not use it much. By May 2024, traditional insurers will have dominated the Indonesian life insurance market, based on data from the Department of Financial Services (OJK) and invested in the period in premium contributions of 53.72 trillion or 73.08 related total. In 2023, insurance penetration will only reach 2.59%. This was achieved from 1.19% life insurance, 0.47% general insurance and 1.45% social security. this number is behind neighboring countries such as Malaysia (4.8%), Australia (3.3%) and Singapore (11.4%) (Dewi et al., 2024).

Table 2. The Number of People Who Believe and Do Not Believe in Sharia Insurance in Indonesia

Category Responden	Number (People)	Percentage (%)
Trust in sharia insurance	11.130.000	3,99%
Not Believing or not understanding	267.670.000	96,01%
Number of inhabitants of Indonesia	278.800.000	100%

Data source: SNLIK 2024 (<https://www.ojk.go.id>)

BPS 2023 (<https://www.bps.go.id>)

Based on data from the Financial Services Authority (OJK) for May 2024, traditional insurance dominates the Indonesian insurance market with a premium contribution of IDR 53.72 trillion or around 73.08% of the total premium (OJK) of life which reaches IDR 73.1 trillion. In 2022, investment in Sharia Insurance and Reinsurance companies increased by 2.46% compared to the previous year from IDR 38,511.30 billion to IDR 37,585.96 billion.

The increase in investment value was caused by an increase in the investment value of general insurance companies and Sharia Reinsurance by 21.48% from IDR 6.036 trillion in 2021 to IDR 7.33 trillion in 2022, while the investment value of Sharia life insurance decreased by 1.26% from IDR 29.53 trillion in 2021 to IDR 29.16 trillion in 2022. In addition, data from the Life Insurance Association (AAJI) shows that only around 6.5% of Indonesians have Life insurance This highlights the need to increase financial literacy and literacy in the general public to increase financial literacy and literacy in the general public (Yusrizal & Lubis, 2020).

Table 3. Conventional Insurance user data

Types of Insurance	Total Prize	Percentage
Conventional Life Insurance	Rp 53,72 Trillion	73,08%
Unit Link Insurance	Rp 19,79 Trillion	26,92%
Total Life Insurance Premium	Rp 73,1Trillion	100%

Data Source : OJK (Financial Services Authority) (2025)

Conventional insurance outperforms the linked insurance unit with a premium contribution of around 73.08%, when compared to other countries, Indonesia's insurance penetration rate is still relatively low, only reaching 2.59% and only 6.5% of the Indonesian population has life insurance, indicating the need for more literacy and financial literacy The government, government and the insurance industry must develop a plan to increase public trust in insurance (Azizah & Syafitri 2022).

Table 4. Sharia insurance user data 2013-2024

Year	Insurance Users (Millions)	Growth (%)
2013	2,5 Million	-
2014	3.0 Million	20%
2015	3.8 Million	26,7%
2016	4,5 Million	18,4%
2017	5,2 Million	15,6%
2018	6,0 Million	15,4%
2019	7,1 Million	18,3%
2020	8,3 Million	16,9%
2021	9,5 Million	14,5%
2022	10,8 Million	13,7%
2023	12,0 Million	11,1%
2024	13,5 Million	12,5%

Data Source: AASI(<https://www.aas>), OJK(<https://www.ojk.go.id>) (2025)

Especially in rural areas or Sibuhuan Padang Lawas which is less affordable among the community because of the lack of interest in the insurance community is often lower, especially in the Sibuhuan area, factors such as limited information and understanding play a big role. For example, a study in West Java found that only about 20% of respondents expressed interest in signing up for sharia insurance, while others were still hesitant or uninterested due to a lack of information

According to the data of 3.99% and 9.6% of people who have enough information about sharia insurance despite the number of people who do not believe about insurance, this low literacy level shows that many people may be hesitant or suspicious of sharia insurance, some people do not know about sharia insurance, this is due to low financial literacy, financial literacy is knowledge, Financial decisions, especially using Islamic banking products, require a high level of financial literacy, the products offered and the use

of Islamic banking products are all better understood by those who have a high level of financial literacy (Azizah & Syafitri, 2022).

Table 5 Percentage Data of Insurance Users

Year	Population in Indonesia	Insurance Users (%)	Sharia insurance users (%)
2020	270,20	2,81%	0,12%
2021	272,68	2,90%	0,12%
2022	275,77	3,00%	0,13%
2023	278,70	3,10%	0,13%

Data source :Insurance user reports, BPS (<https://www.bps.go.id/>) (2025)

Although the population and total insurance users in Indonesia continue to increase every year, the proportion of sharia insurance users remains in the range of 0.12% to 0.13% between 2020 and 2023 (Ramadion et al., 2021).

The level of Islamic financial literacy in Indonesia is recorded at 39.11%, which shows that there are still many people who do not understand this life insurance product, only 3.99% of people have an understanding of sharia insurance, much lower than conventional insurance literacy which reaches more than 45%, this low level of literacy can contribute to skepticism and distrust of sharia insurance, Although there is no specific data that mentions the percentage of people who do not trust directly, by increasing literacy and understanding of sharia insurance, it is hoped that it can reduce distrust and increase public acceptance of this sharia insurance product (Aisyah et al. 2024).

One of the residents of the community in Sibuhuan named Mrs. Siti, who works as a housewife, said that Mrs. Siti did not believe that insurance was not in line with the religious teachings she followed. For her, every risk in life, including those related to health and safety is a destiny that has been set by God She believes that the best form of protection comes from prayer and almsgiving, not from paying premiums to insurance companies, Mrs. Siti also has concerns about the concept of riba in insurance, which she feels is not in accordance with sharia principles. His ignorance about the existence of halal sharia insurance products makes him even more hesitant to consider insurance as an option for financial protection

In addition, a 50-year-old man named Mr. Andi who works as a trader said that he does not believe in insurance because he has heard stories of friends whose claims are rejected.it feels like paying for something that does not provide any guarantee, besides, I feel that insurance companies are more focused on their profits, while customers do not really get the promised protection therefore, I prefer to manage my own financial risks without relying on insurance thinking that the insurance is not trusted with the insurance company.

Another respondent, Mr. Budi, who works as a farmer who is 50 years old, thinks that insurance does not provide real benefits, especially for the village community.For him, paying premiums is only an expense that does not provide clear results, he prefers to save or invest in other forms that are more directly beneficial, such as property or business tools in the village many people feel that they do not need insurance for their daily life they.

As for a community member named Rina who is 30 years old who works as a freelancer said she felt unsure about insurance after hearing the news about the insurance company that went bankrupt, she was worried that if the company closed, the money she had paid as premiums would not be able to return, this made her prefer to keep her money in a place that she thought was safer.

A 28-year-old resident of the Sibuhuan community who works as an employee said that insurance is too expensive and seems to be only suitable for people who have a lot of money. He felt that the money to be paid for insurance premiums was better used to meet daily needs, which was more important and urgent to him.

As the interview above said, many people in Sibuhuan whose knowledge and trust about their interest in buying life insurance products are still very low. The findings of this study show that the interest in buying life insurance products is significantly influenced by the level of understanding and trust in buying insurance products in the area. Meanwhile, relevant research on the impact of financial literacy and the level of trust on students' interest in buying products insurance (Buchoria et al., 2022).

Based on the survey results, there are still many people who do not understand or believe in the concept of sharia insurance, therefore more intensive education efforts are needed to increase sharia financial literacy and build public trust in this product, a more effective campaign and transparency in sharia insurance operations can be a strategic step to attract more participants such as in Sibuhuan Padang Lawas many people do not understand about sharia insurance products (Hariyadi & Triyanto, 2017).

METHODS

This study uses a quantitative approach with the aim of analyzing the influence of public understanding and trust on interest in participating in sharia insurance, with perception as an intervening variable. The location of the study was determined in Barumon District, Padang Lawas Regency. The sampling technique used in this study was purposive sampling, which is a method of determining samples intentionally based on predetermined criteria. This study uses national age stock data from the Central Bureau of Statistics (BPS) in 2024-2025 to calculate the population based on the age group of 22,464. The selected population is at least 20 years old, with a proportion of 7.79% or around 1,749. In addition, the population at the age of 35 years is 7.64% (1,716 people), 7.27% (1,663 people), 55 years and 5.33% (1,179 people), and 4.35% (997 people) from 60 years. The total population of the age group is 7,772. From the population, a sample of 100 valid respondents was taken and worthy of being analyzed in this study. In addition, all respondents are domiciled in Padang Lawas Regency and do not have a role as a party organizing sharia insurance. This study involved a population of 22,464 with 100 respondents who met the criteria. Determination of the number of samples was carried out using the Slovin formula at an error rate of 10% (0.1). The Slovin formula is as follows:

$$n = N / 1 + N(e)^2$$
$$n = 22,464 / 1 + 22,464 \times (0.01)^2$$
$$n = 22,464 / 1 + 222,464 \cdot 0.01$$
$$n = 22,464 / 1 + 224,64 = 22,464 / 225,64 = 99.6$$

Description

n=number of samples (100)

N=number of Populations (22,464)

e=error rate or margin of error (10%)

Data collection was carried out by distributing questionnaires to respondents, then analyzed using SmartPLS 4 software to test the structural model and the hypotheses that had been formulated. Before entering the main analysis stage, data quality testing was first carried out, which included validity testing, reliability testing, and measuring the coefficient of determination (R-square). Through this procedure, this study is expected to provide an empirical contribution in understanding the various factors that influence people's interest in participating in sharia insurance programs.

RESULTS AND DISCUSSION

Measurement Model (Outer Model)

A measurement model, or often referred to as an outer model, describes the relationship between a latent variable and its associated manifest (indicator) variable. In the outer model, there are two types of models commonly used, namely the formative indicator model and the reflective indicator model. The reflective indicator model occurs when the manifest variable is influenced by the latent variable, while the formative indicator model assumes that the latent variable is influenced by the manifest variable with the direction of causality flowing from the latent variable.

Tabel 6 Convergent Validity Test

Average variance extracted (AVE)	
Belief (X2)	0.704
Interest of Insurance Participants (Y)	0.667
Understanding (x1)	0.648
Public Perception (Z)	0.611

Source: Data processed by SmartPLS 4 (2025)

Convergent Validity Test through Average Variance Extracted (AVE) is conducted to determine the extent to which indicators in a construct are able to explain the variance of the construct. The higher the AVE value, the better the indicator's ability to represent the construct being measured.

1. Trust (X2) has an AVE value of 0.704, which indicates that the indicators in this construct are very good at explaining the variable. This value exceeds the minimum limit of 0.50, so that convergent validity is met.
2. Interest of Insurance Participants (Y) obtained an AVE of 0.667. This value also indicates that the construct has strong convergent validity because it is greater than 0.50. This means that the indicators used are quite representative of the participant's interest variable.
3. Understanding (X1) shows an AVE of 0.648, which indicates that this variable has adequate convergent validity. The indicators used are quite capable of explaining the variance of the construct being measured.
4. Public Perception (Z) has an AVE value of 0.611. Although the value is the lowest among the four variables, this figure still exceeds the threshold of 0.50. Therefore, the convergent validity of this construct is still considered feasible.
5. All constructs in this model have an AVE value above 0.50, so it can be concluded that all variables have met the requirements for convergent validity. Thus, the indicators used are quite good at representing each construct.
- 6.

Discriminant Validity Test

Table 7 Fornel Test

	Belief (X2)	Interest of Insurance Participants (Y)	Understanding (x1)	Public Perception (Z)
Belief (X2)	0.839			
Interest of Insurance Participants (Y)	0.759	0.817		
Understanding (x1)	0.625	0.656	0.805	
Public Perception (Z)	0.715	0.746	0.650	0.781

Source: Data processed by SmartPLS 4 (2025)

From Table 8 above, it is known that the construct value of the variable shows a greater value than the construct value of other variables, so these results indicate that all variables are valid.

Discriminant Validity Results

Table 8 Cross loading test results

	Belief (X2)	Interest of Insurance Participants (Y)	Understanding (x1)	Public Perception (Z)
x1.1	0.469	0.498	0.746	0.538
x1.2	0.495	0.486	0.722	0.498
x1.3	0.546	0.585	0.843	0.609
x1.4	0.358	0.412	0.735	0.334
x1.5	0.570	0.604	0.885	0.571
x1.6	0.538	0.549	0.881	0.532
x2.1	0.777	0.593	0.467	0.522
x2.2	0.910	0.675	0.549	0.666
x2.3	0.838	0.618	0.531	0.595
x2.4	0.825	0.657	0.546	0.609
y01	0.552	0.768	0.500	0.632
y02	0.660	0.859	0.606	0.599
y03	0.649	0.872	0.551	0.580
y04	0.695	0.853	0.539	0.660
y05	0.526	0.720	0.478	0.574
z1.1	0.540	0.630	0.485	0.715
z1.2	0.488	0.591	0.464	0.716
z1.3	0.594	0.549	0.525	0.848
z1.4	0.626	0.565	0.551	0.850
z1.5	0.536	0.575	0.506	0.767

Source: Data processed by SmartPLS 4 (2025)

Based on table 9 above, it can be seen that several indicator construct values show values that are greater than the indicator constructs of other variables, so these results indicate that all indicators are valid.

Table 9 HTMT Test Results

	Belief (X2)	Interest of Insurance Participants (Y)	Understanding (x1)	Public Perception (Z)
Belief (X2)				
Interest of Insurance Participants (Y)	0.874			
Understanding (x1)	0.707	0.738		
Public Perception (Z)	0.840	0.875	0.741	

Source: Data processed by SmartPLS 4 (2025)

Based on table 10 above, the htmt value shows a value that is smaller than 0.90, so the results indicate that all variables are valid.

Reliability Test

Table 10 Cronbach's Alpha and Composite Reliability Results

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)
Belief (X2)	0.858	0.864	0.904
Interest of Insurance Participants (Y)	0.873	0.879	0.909
Understanding (x1)	0.890	0.901	0.916
Public Perception (Z)	0.838	0.840	0.886

Source: Data processed by SmartPLS 4 (2025)

From table 11 above, it can be seen that the composite reliability value shows a value greater than 0.70, so these results indicate that all variables are reliable.

Table 12 Fit Model Test Results

	Saturated model	Estimated model
SRMR	0.078	0.078
NFI	0.713	0.713

Source: Data processed by SmartPLS 4 (2025)

The SRMR value is $0.072 < 0.08$ and the NFI value is 0.759 approaching 1, so the results indicate that the model in this study is fit.

Structural Model (Inner Model)

The inner model or structural model test is carried out to see the relationship between constructs, the significant value of R-square from the research model. The structural model is evaluated using r square for the dependent construct, t test, and the significance of the structural path parameter coefficient. The structural model in PLS is evaluated using R2 for the dependent construct.

The R-square value is used to measure the level of variation in changes in independent variables to dependent variables. The higher the R2 value, the better the prediction model of the proposed research model.

Table 13 R Square Test

	R-square
Interest of Insurance Participants (Y)	0.679
Public Perception (Z)	0.579

Source: Data processed by SmartPLS 4 (2025)

From table 13 it can be seen that the R Squared value for Insurance Participant Interest is 0.679, so the independent variable has a 67.9% influence on Insurance Participant Interest, the R Squared value for Public Perception Z is 0.579, so the independent variable has a 57.9% influence on Public Perception Z.

Table 14 F square Test Results

	Interest of Insurance Participants (Y)	Informatio n	Public Perception (Z)	Informatio n
Belief (X2)	0.222	Big	0.372	Big
Understanding (x1)	0.057	Keep	0.160	Big
Public Perception (Z)	0.150	Big		

Source: Data processed by SmartPLS 4 (2025)

1. Trust (X2) has a large influence on the Interest of Insurance Participants (Y) with an f^2 value of 0.222. This shows that public trust in sharia insurance has an important role in increasing their interest in becoming participants.
2. Understanding (X1) of sharia insurance has a moderate influence on the Interest of Insurance Participants (Y), with an f^2 value of 0.057. This means that understanding is still relevant in forming interest, but its influence is not as large as trust.
3. Public Perception (Z) of the Interest of Insurance Participants (Y) has an f^2 value of 0.150, which is in the large category, indicating that how the public views sharia insurance has a great influence in forming their desire to participate.
4. Meanwhile, Trust (X2) and Understanding (X1) also show a large influence on Public Perception (Z), with f^2 values of 0.372 and 0.160 respectively.

This shows that public understanding and trust not only have a direct impact on interest, but also form a positive perception of sharia insurance, which in turn strengthens their interest.

Table 15 Q Square Test Results
Q Square Test

	Q ² predict
Interest of Insurance Participants (Y)	0.611
Public Perception (Z)	0.551

Source: Data processed by SmartPLS 4 (2025)

The Q square value for the Interest of Insurance Participant Y is $0.611 > 0$ and the Q square value for Public Perception Z is $0.551 > 0$, so these results indicate that the model in this study is relevant.

Table 16. Direct Influence

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values	Information
Belief (X2) -> Interest of Insurance Participants (Y)	0.401	0.402	0.088	4.558	0.000	Significant
Belief (X2) -> Public Perception (Z)	0.507	0.515	0.088	5.781	0.000	Significant
Understanding (x1) -> Interest of Insurance Participants (Y)	0.186	0.180	0.086	2.154	0.031	Significant
Understanding (x1) -> Public Perception (Z)	0.333	0.332	0.094	3.525	0.000	Significant
Public Perception (Z) -> Interest of Insurance Participants (Y)	0.338	0.344	0.091	3.714	0.000	Significant

Source: Data processed by SmartPLS 4 (2025)

Table 17. The Influence of Mediation/Intervening

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values	Information
Belief (X2) -> Public Perception (Z) -> Interest of Insurance Participants (Y)	0.172	0.176	0.053	3.252	0.001	Significant
Understanding (x1) -> Public Perception (Z) -> Interest of Insurance Participants (Y)	0.113	0.117	0.051	2.226	0.026	Significant

Source: Data processed by SmartPLS 4 (2025)

Discussion of Research Results

The Comprehension variable (X1) has no effect on the perception of the sharia insured public. Based on the results of the analysis, it is shown that the understanding does not have a significant effect on the public's perception of sharia insurance. This means that even though individuals or the general public have a higher level of understanding of sharia insurance, this does not necessarily have a negative influence or change their perception of the sharia insurance (Fitria et al., 2024)

In this regard, the results of the analysis show that public understanding shows that public understanding is not a significant factor in determining how they view sharia guarantees. If you want to increase public awareness of sharia guarantees, you should look for additional factors that are more relevant and helpful in shaping that perception.

This is also in line with the results of research conducted by (Handayani & Fathoni 2019) which shows that respondents do not fully know the level of Muslim people's perception of sharia insurance based on prestige and promotion indicators. On the other hand, respondents have a good perception of sharia and its products.

Apart from this, the results of research obtained by Rahmadion et al (2021) also show that sharia insurance literacy is a contract and fund management has an impact on public perception, and sharia insurance literacy is an underwriting surplus that does not harm the perception of the general public.

The public's interest in sharia insurance is significantly influenced by their level of understanding (X1). The results of the analysis show that understanding has a partial positive influence on public interest in participating in sharia insurance. This means that the better the public understands the concept, benefits, and advantages of sharia insurance, the higher their interest in becoming a participant. With a good understanding, the public will be encouraged to make sharia insurance a means of protection and financial investment that is in line with religious values, as well as a form of implementing Islamic law.

This research is important for the development of the Islamic insurance industry, because it shows a positive relationship between public knowledge and interest in Islamic products. Therefore, the sharia insurance industry can use these results as a foundation in developing a more effective marketing strategy, while increasing public awareness of the importance of sharia insurance as a financial solution in accordance with Islamic principles.

Previous research conducted by Torong & Lubis (2023) stated that community compliance with sharia in the previous study of Prudential Syariah Binjai Laura was influenced by very positive and consistent knowledge. This study also shows that the most significant factor influencing the people of Padang Lawas in deciding to have sharia insurance is the level of understanding of sharia insurance Handayani et.al (2020).

The Trust Variable (X2) has been proven to have a significant and independent influence on public perception regarding compliance with sharia principles. The results of the analysis show that the higher the level of public trust in sharia insurance institutions, the more positive their views on the application of sharia values in these services.

This research confirms the existence of a positive relationship between trust and public perception, which is an important factor in the development of the sharia insurance industry. Therefore, public trust can be used as the main foundation in designing communication strategies and educational programs that aim to strengthen the positive image of Islamic insurance companies. With increasing trust, public perception of sharia insurance is expected to improve, which ultimately encourages the growth of public interest and participation in utilizing sharia-based insurance products.

This also shows that the variables of perception and trust have a positive and significant effect on the loyalty of Prudential's sharia insurance customers in line with the results of research conducted by (Imsar et al 2022).

The influence of the trust variable (X2) the results of the analysis showed that trust had a significant influence partially on people's compliance with Islamic law. This shows that when people have high confidence in sharia insurance companies, then gradually they will believe that sharia insurance products will provide benefits and protection in accordance with their religious beliefs. This can increase their desire to comply with sharia as a means of financial security in accordance with sharia principles.

Research findings that show a positive correlation between public trust and compliance with sharia insurance will be crucial for the industry. It can be used as a guide to develop more effective marketing strategies and construction projects. The more public trust increases, the more people's desire to use sharia insurance products will increase, which in turn will increase the participation and growth of the sharia insurance industry as a whole.

This finding is also consistent with the results of previous research by (Heriansyah Putera & Wahyuari 2022) which shows that trust has a significant influence on the interest in purchasing microinsurance products in East Cakung Village, East Jakarta. This research is also supported by the results of research conducted by Delanuari & Srikartikowati (2020) which shows that trust has a positive and significant effect on the intention of the people of Pekanbaru City to become Sharia insurance customers.

The perception variable (Z) has been proven to have a significant and neutral influence on the level of community compliance in implementing sharia principles. These findings reflect that the public generally has a positive view of the values and benefits offered by the sharia-based insurance system. This positive perception encourages a stronger desire to utilize sharia insurance products as a form of financial protection that is in line with their religious beliefs.

The results of the analysis showed a positive correlation between public perception and their interest in sharia insurance products. These findings have important implications for the future development of the sharia insurance industry. Good perception can be used as a basis for designing communication and marketing strategies that are more targeted, in order to increase public understanding and interest in the product. Thus, the increase in positive perception is expected to boost public interest, which will ultimately contribute to increasing participation and growth of the sharia insurance industry as a whole.

This is in line with the results of research conducted by Khumani & Husein (2020) which shows that partially the variables of public perception and interest have a significant positive influence on sharia insurance. In addition, simultaneously these two variables also have a significant positive influence on sharia insurance in North Sumatra with a significance threshold of around 5%. In addition, the results of research conducted by Nasution & Aslami (2022) also show results, that to increase public interest, sharia insurance must maintain a good reputation reflecting the quality and quantity of sharia insurance products themselves. The better the reputation of sharia insurance will be the attraction of public interest in sharia insurance products.

Public understanding (X1) was shown to have no significant effect on their interest in using sharia insurance, even though public perception was used as an intervening variable. The results of the analysis show that the level of understanding of sharia insurance does

not directly form a perception that is able to encourage public interest in choosing sharia insurance products. In other words, even if one has adequate knowledge of the concept of sharia insurance, it does not necessarily create a strong enough perception to foster interest in using the service.

This research indicates that there are other factors that have a more dominant influence in encouraging people to use sharia insurance. Public perception of these products seems to be more influenced by other elements, such as the level of trust in insurance companies, an understanding of the benefits and advantages of the product, or even the social and cultural influences around it.

Therefore, the results of this analysis can be an important foundation for sharia insurance providers to understand the main factors that influence people's decisions. To increase public participation, marketing and education strategies should not only focus on improving understanding, but also target aspects that directly form positive perceptions, such as company credibility, product added value, and approaches that are in accordance with the cultural and social values of the community.

This is also in line with the results of research conducted by Novianti & Hakim (2021) which shows that perception is not a moderation factor between Islamic banking knowledge and saving interest. The results of research conducted by Zayusman & Riyaldi (2019) show that the factor that affects the ability of customers to have insurance for Aceh members is the understanding and role of agents.

The trust variable (X2) has been proven to have an influence on the impact of public perception on sharia compliance, with public perception acting as an intervening variable. The findings of this study indicate that trust plays an important role in shaping the level of individual adherence to sharia principles, through the mediator of the collective perception of society. This means that the higher the level of trust in Islamic insurance companies, the greater the likelihood of positive perceptions of the services offered.

This positive perception contributes significantly to people's interest in buying and utilizing sharia insurance products. The results of this analysis provide valuable insights for sharia guarantee service providers on the importance of building and maintaining public trust. As public trust increases, a positive image of sharia insurance products develops, which ultimately encourages wider participation in the use of sharia insurance products as a financial protection solution in accordance with Islamic values.

This is also in line with the results of research conducted by (Buchori et al (2022) which show that the perception of trust can act as the strongest predictor in predicting interest in buying insurance products among students in Indonesia. The results of the study (Hasibuan & Nurbaiti (2023) also stated that the level of trust can affect interest in becoming a customer in an Islamic bank in the people of Sosa District, Padang Lawas Regency.

CONCLUSION

This study reveals that the level of public trust and understanding plays an important role in encouraging their participation in sharia insurance services. Between the two, trust has a more dominant influence, both directly and through public perception of the quality of sharia insurance services themselves. Although understanding does not always have a significant direct impact, public perception remains a key factor that bridges public trust and confidence. This means that a good understanding of sharia insurance is not enough to increase public interest if it is not accompanied by a positive perception of the system. The lack of understanding among the general public, especially in rural areas such as Sibuhuan, Padang Lawas, is a major challenge in expanding the scope of participation. In addition, other factors such as religious values, outlook on life, and distrust of usury practices or financial systems that are not in accordance with sharia, actually make some people more open and less skeptical of sharia insurance.

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