

Faith and Finance in Harmony: The Role of Spiritual and Religious Values in Driving Intention to Use Sharia Insurance

***Julina**

Management Department, Universitas Islam Negeri Sultan Syarif Kasim Riau, Indonesia

Email: julina@uin-suska.ac.id

Iwandi

Sharia Economics Department, STAI Sulthan Syarif Hasyim, Riau, Indonesia

Email: iwandi@staisiak.ac.id

Devi Megawati

Sharia Banking Department, Universitas Islam Negeri Sultan Syarif Kasim Riau, Indonesia

Email: devimegawati@uin.suska.ac.id

Qonitah Rifda Zahirah

Sharia Economics Department, Universitas Islam Negeri Sunan Kalijaga, Yogyakarta, Indonesia

Email: 24208012001@student.uin-suka.ac.id

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Abstract

Research aims:

Despite Indonesia being the country with the largest Muslim population, participation in Sharia insurance remains relatively low, indicating a gap between religious values and actual financial behavior. This study aims to analyze the factors influencing students' intention to use Sharia insurance, with a particular focus on perceived taqwa value, spiritual risk aversion, religio-financial literacy, religious social norms, and trust in Sharia governance as a mediating variable.

Design/Methodology/Approach:

This study employs a quantitative approach using Partial Least Squares Structural Equation Modeling (PLS-SEM). Data were collected through questionnaires distributed to 148 university students and analyzed to examine both direct and indirect relationships among the proposed variables.

Research findings:

The results show that perceived taqwa value has a significant positive effect on intention to use Sharia insurance ($\beta = 0.542$, $p < 0.01$). In contrast, spiritual risk aversion, religio-financial literacy, and trust in Sharia governance do not directly influence intention. Religious social norms show a marginal effect on intention, while practical financial factors and lack of actual experience emerge as the main barriers preventing students from translating religious motivation into concrete participation.

Theoretical Contribution/Originality:

This study extends the Theory of Planned Behavior by incorporating spiritual and religio-financial constructs, highlighting the distinctive



role of perceived taqwa value in shaping intention toward Sharia insurance among young Muslim consumers.

Practical/Policy/Social Implications: Sharia insurance providers should emphasize spiritual alignment and religious values in their communication strategies while developing affordable products, such as micro-takaful

schemes, to accommodate young consumers with limited financial capacity.

Research Limitations/Implications:

The study is limited by its student-based sample, cross-sectional design, and the exclusion of economic capability variables, indicating the need for future research involving diverse income groups and longitudinal approaches.

Keywords: *Intention to Use, Perceived Taqwa Value, Religio-Financial Literacy, Religius Social*

INTRODUCTION

In the modern economic era, Islamic financial products are gaining increasing attention as an alternative that not only offers financial benefits but also upholds Islamic religious values. Islamic insurance (takaful) products offer financial protection mechanisms that comply with Sharia principles, such as ta'awun (mutual assistance) and tabarru' (charity), thus providing a different option than conventional insurance. Islamic finance is a financial system structured upon *Shariah* principles, prohibiting *riba* (interest), *gharar* (excessive uncertainty), and *maysir* (gambling or speculation) (Corporate Finance Institute). Beyond generating profit, Islamic finance integrates moral and social responsibility, ensuring funds are invested only in *halal* sectors and that all transactions uphold justice and transparency. Through these mechanisms, Islamic finance aims not only to foster economic growth but also to promote social equity and ethical stewardship in global markets.

To better understand the relevance and potential of Sharia insurance in practice, it is important to examine insurance market penetration across Asian countries. As shown in Table 1, insurance penetration rates vary considerably across the region, reflecting differences in market maturity, institutional development, and consumer participation. Indonesia's insurance penetration remains relatively low and stagnant, ranging only between 1.6% and 1.9% during the 2014–2021 period, with no observable improvement reported for subsequent years. In contrast, Malaysia exhibits a moderate and relatively stable level of penetration, fluctuating around 4.3%–5.0% over the period observed. China records a



substantially higher penetration rate, peaking above 22% in 2020 before declining gradually to 18.5% in 2024, indicating both rapid market expansion and recent adjustment.

Similarly, Singapore demonstrates a high level of insurance penetration, reaching its peak in 2021 before moderating in the following years, while Korea and Japan consistently maintain penetration levels well above those of Indonesia. These patterns underscore that, despite being home to the world's largest Muslim population, Indonesia continues to exhibit very limited participation in insurance markets, including Sharia insurance. This low level of penetration constrains access to formal risk protection, weakens Sharia-based risk-sharing mechanisms grounded in the principles of *ta'āwun* and *tabarru'*, and limits the contribution of Sharia insurance to financial inclusion and social welfare. If this condition persists, the potential role of Sharia insurance as an instrument for economic resilience and ethical financial development in Indonesia is likely to remain underutilized.

Table 1. Insurance Penetration Rate for Asian Countries 2014-2024

Country	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Indonesia	1.6	1.7	1.8	1.9	1.8	1.7	1.6	1.6	-	-	-
India	-	3.4	3.6	3.6	-	3.8	4.2	-	-	-	-
Malaysia	4.7	4.7	4.6	4.4	4.3	4.5	5	4.8	4.4	4.6	-
China	14.1	14.8	17.6	18	18.2	-	22.1	20.5	19.2	17.8	18.5
Korea	12	11.9	11.7	11	10.5	11.1	11.5	11	10.9	9.9	-
Japan	6.7	6.7	7.6	7.3	7.7	7.3	7.1	7.1	7.9	8.0	7.7
Singapore	7.8	7.9	8.1	8.8	-	8.8	10.8	11.4	8.8	8.2	-

Source: OECD Insurance Indicator

To measure behavioral intentions, the Theory of Planned Behavior (TPB) is a theoretical framework widely used in consumer research. The TPB explains how attitudes, social norms, and perceived behavioral control influence intentions, which then become predictors of actual behavior. This study uses the TPB as a theoretical basis to understand the factors influencing the intention to use Islamic insurance, but it is modified by developing initial variables that are deemed appropriate to the object of study. For this context, attitudes are expanded into Perceived Taqwa Value (PTV) and Spiritual Risk Aversion (SRA), reflecting spiritual values and religious risk awareness. Social norms are conceptualized as Religious



Social Norms (RSN), while perceived behavioral control is expanded into Religious-Financial Literacy (RFL) and Trust in Sharia Governance (TSG). With these adjustments, the model remains grounded in TPB but is more relevant to the characteristics of Muslim consumers and the religio-financial context. These modifications allow the study to more precisely identify factors influencing intentions to use sharia insurance. By incorporating these variables, the study aims to capture both the spiritual and social dimensions of Islamic financial behavior, offering a more holistic understanding of how religious beliefs and community norms interact with financial decisions.

Previous studies have mostly examined religiosity and financial literacy in isolation, focusing on formal religious adherence or knowledge of Sharia principles. The role of spiritual values as an internal motivator shaping risk aversion, as well as taqwa as the integration of spirituality and religiosity, remains underexplored in influencing trust in Sharia governance and intention to use Sharia insurance. Therefore, this study aims to analyze the influence of perceived taqwa value, spiritual values, religio-financial literacy, and religious social norms on the intention to use Sharia insurance, both directly and indirectly through trust in Sharia governance as a mediating variable. With this approach, the study is expected to provide a comprehensive empirical contribution to the Sharia marketing literature, while offering practical implications for the development of marketing strategies and consumer education in the Sharia insurance sector.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Intention to Use Sharia Insurance

Understanding consumer behavior is crucial for the effective development and delivery of Islamic financial services, including takaful. Takaful, has emerged as a significant alternative to conventional insurance for Muslim populations. Consumers' financial decisions are influenced not only by economic factors but also by religious values, ethical considerations, and cultural norms, which are central in Islamic finance (Sole, 2019). A deep insight into consumers' preferences, trust levels, risk perception, and awareness of Shariah-compliant offerings enables financial institutions to design products that meet both financial and spiritual needs (Hassan & Lewis, 2014). Moreover, understanding behavioral drivers can



enhance marketing strategies, improve customer engagement, and foster long-term loyalty, while ensuring compliance with ethical and Shariah principles. Institutions that integrate consumer insights into their service development can reduce information asymmetry, increase transparency, and address misconceptions about Islamic finance products, thereby supporting financial inclusion and sustainable growth.

Ultimately, aligning product offerings with consumer behavior strengthens both the credibility of Islamic financial institutions and the overall adoption of Shariah-compliant financial services in diverse markets (Dusuki & Abdullah, 2007). TPB is the most widely applied framework in research on this topic (Khilmi et al., 2024). This theory suggests that behavioral intention is influenced by three main constructs: attitude, subjective norms, and perceived behavioral control. Extensions of this theory have incorporated additional variables specific to Islamic financial services.

Perceived Taqwa Value (PTV)

PTV refers to an individual's assessment of their level of taqwa, namely a person's awareness and adherence to religious teachings that influence their behavior and decisions. It is not just formal adherence (religious values), but also encompasses internal spiritual and moral awareness (spiritual values) that motivate individuals to make decisions in accordance with Sharia principles. In the context of Sharia finance, PTV can influence how consumers assess risk, choose halal financial products, and trust Sharia institutions. Therefore, this research makes the following hypothesis:

H_{1a}: Perceived taqwa value has a positive effect on intention to use sharia insurance.

H_{1b}: Perceived taqwa value has a significant positive effect on trust in sharia governance.

Spiritual Risk Aversion

Spiritual Risk Aversion refers to an individual's tendency to avoid financial risks based on spiritual awareness and internal moral motivations. In the context of Islamic finance, this means decisions are made not only based on material considerations, but also to maintain blessings and conformity with religious principles. Spiritual Risk Aversion is measured through questions that emphasize the internal (spiritual) dimension of risk-taking. This variable captures the inner motivations that lead individuals to avoid transactions that are



inconsistent with Sharia principles, allowing for analysis of its relationship with trust in Sharia governance and intention to use Sharia insurance.

Individuals often exhibit unrealistic optimism about their health and safety, believing they are less likely than others to experience adverse events. This optimism bias undermines insurance purchase despite intellectual acknowledgment of risk (Liang et al., 2005). Therefore, this research makes the following hypothesis:

H_{2a}: Spiritual risk aversion has a positive effect on intention to use sharia insurance.

H_{2b}: Spiritual risk aversion has a significant positive effect on trust in sharia governance.

Religious-Financial Literacy

Religious-Financial Literacy is an individual's ability to understand religious-based financial principles and to apply them in financial decision-making. RFL is measured through questions that emphasize knowledge and adherence to Sharia financial principles. This variable represents the external/religious dimension and can be analyzed for its influence on trust and intention to use Sharia insurance. Therefore, this research makes the following hypothesis:

H_{3a}: Religious financial literacy has a positive effect on intention to use sharia insurance.

H_{3b}: Religious financial literacy has a significant positive effect on trust in sharia governance.

Religious Social Norms

Religious Social Norms are an individual's perception of social pressure or environmental influences based on religious teachings in making financial decisions. RSN is measured through questions that emphasize the influence of religious-based social norms on individual decisions. This variable represents the external social dimension that influences intention and trust in Sharia products. Therefore, this research makes the following hypothesis:

H_{4a}: Religious social norms has a positive effect on intention to use sharia insurance.

H_{4b}: Religious social norms has a significant positive effect on trust in sharia governance.

Trust in Sharia Governance

Trust in Sharia Governance is the level of individual confidence in Sharia financial institutions, particularly in implementing Sharia principles, rules, and mechanisms in a



transparent and reliable manner. This variable is important because consumers' intention to use Sharia insurance products is significantly influenced by their level of trust in the management of Sharia institutions. Trust in Sharia Governance was measured through questions emphasizing consumer perceptions of compliance, transparency, and credibility of Sharia institutions. This variable serves as a mediator connecting the independent variables (Spiritual Risk Aversion, Religious-Financial Literacy, Religious Social Norms, and Perceived Taqwa Value) with Intention to Use Sharia Insurance, thus enabling the study to assess the direct and indirect influence of spiritual and religious values on consumer intentions. Therefore, this research makes the following hypothesis:

H₅: Trust in sharia governance has a positive effect on intention to use sharia insurance.

Mediating Effect of Trust

Previous studies indicate that the influence of religio-spiritual factors on the intention to use Sharia insurance often occurs indirectly through trust in Sharia governance. Trust has been identified as a key mediating variable that bridges antecedent factors, such as perceived taqwa value, spiritual risk aversion, religio-financial knowledge, and religious social norms, with behavioral intentions (Lok & Bosch, 2019). Empirical evidence from Islamic financial contexts shows that while antecedents like religiosity or service quality may not significantly influence intention directly, their effects become significant when mediated by trust (Nzowa, 2023). This underscores the importance of institutional trust in translating moral and religious motivations into concrete behavioral intentions to participate in Sharia-compliant financial products, including takaful or Sharia insurance services (Ali et al., 2025). Therefore, this research makes the following hypothesis:

H_{6a}: Trust in sharia governance significantly mediates the effect of perceived taqwa value on intention to use sharia insurance.

H_{6b}: Internal halal control significantly mediates the effect of spiritual risk aversion on intention to use sharia insurance.

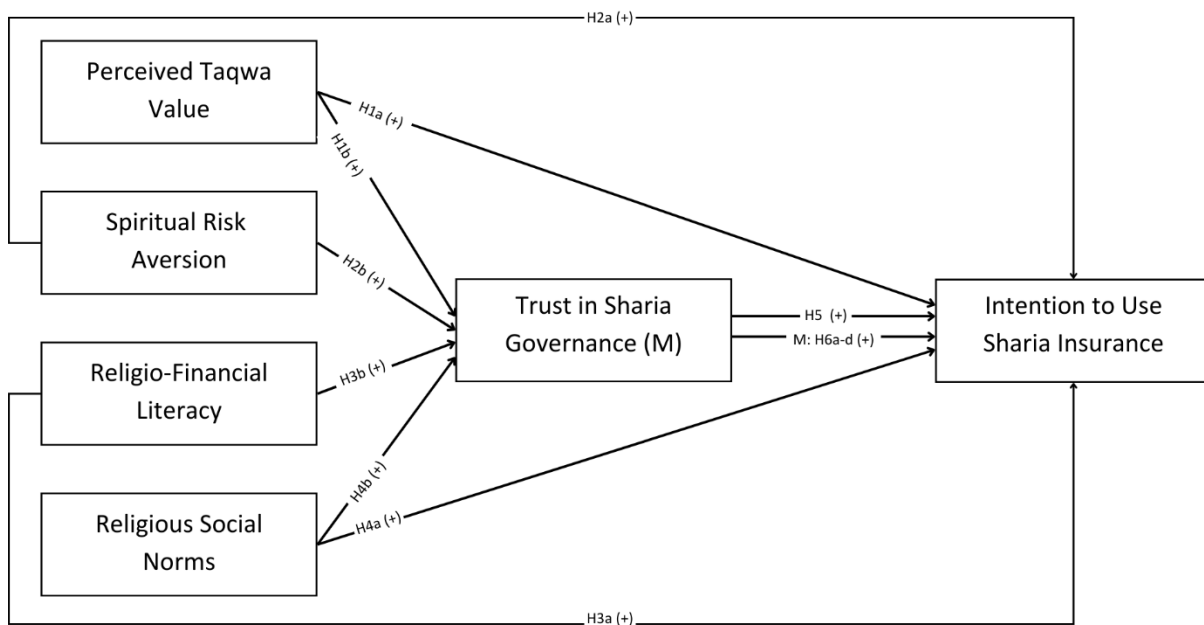
H_{6c}: Internal halal control significantly mediates the effect of religio-financial literacy on intention to use sharia insurance.



H_{6d}: Internal halal control significantly mediates the effect of religious social norms on intention to use sharia insurance.

Research Framework

Figure 1. Research Framework



Source: Authors

METHOD

This research uses a quantitative approach using the Partial Least Squares (PLS) method, operated through SmartPLS version 4 software. The PLS method was chosen because it is capable of analyzing complex relationships between latent variables and their indicators, both reflective and formative. Furthermore, this method does not require a normal data distribution and can still be used with relatively small sample sizes, making it suitable for research with complex or exploratory models. The data used in this study are primary data obtained through questionnaires distributed to respondents according to the research population and sample. Each construct in the model is measured using a number of indicators adapted from previous research, adjusted to the context of this study.

Data analysis was conducted through two main stages: measurement model evaluation (outer model) and structural model evaluation (inner model). The measurement

model evaluation aims to assess the validity and reliability of the indicators forming the latent construct. Convergent validity testing is conducted by observing the loading factor value, which must be ≥ 0.70 , the Average Variance Extracted (AVE) value, which must be ≥ 0.50 , and the Composite Reliability (CR) value, which must be ≥ 0.70 . Furthermore, discriminant validity is assessed using the Fornell-Larcker and cross-loading criteria.

The next stage is the structural model evaluation, which aims to assess the relationships between the latent constructs. This evaluation is conducted by examining the R-squared value to determine the model's ability to explain endogenous variables, and the path coefficient to assess the direction and strength of the relationships between variables. Significance testing is conducted using the bootstrapping method with 5,000 resamplings, taking into account the t-statistic and p-value.

The PLS method was chosen for this study because it offers advantages in estimating models with multiple constructs and indicators, is predictive, and is more flexible with respect to data distribution assumptions than the covariance method. Therefore, the use of SmartPLS 4 is expected to provide accurate parameter estimates and support comprehensive research hypothesis testing.

RESULTS AND DISCUSSION

A. Results

Respondent Characteristic

Demographic data serves to provide a general overview of the profile of the respondents participating in this study. Based on the demographic characteristics of the respondents in Table 2, the majority of respondents in this study were female. Furthermore, most respondents were in the young adult age range, between 20 and 25 years old, with generally low income levels. These characteristics indicate that most respondents are in the early productive age group, beginning to learn about and interact with various financial products, including Sharia insurance. Therefore, the results of this demographic description serve as a basis for understanding the respondents' context before further analysis of the research variables related to their intention to use Sharia insurance.



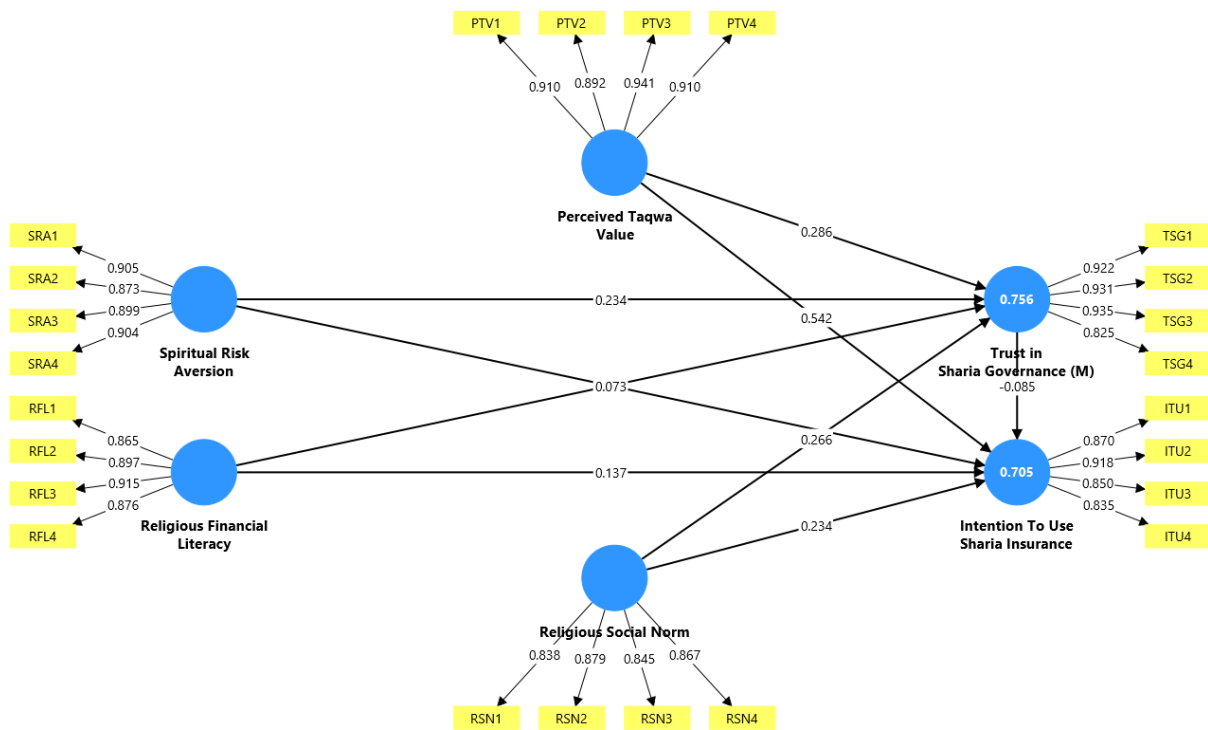
Table 2. Demographic Characteristic of Respondents

No	Demographic Characteristics	Total	Percentage
1	Gender		
	Male	35	23,6
	Female	113	76,4
2	Age		
	< 20	45	30,4
	20 - 25	91	61,5
	> 25	12	8,1
3	Income		
	< IDR 1,000,000	115	77,7
	IDR 1,000,000 – 2,000,000	15	10,1
	> IDR 2,000,000	18	12,2

Source: Authors

Outer Model Evaluation

Figure 2. Loading Factor Results



Source: Smartpls 14

This section discusses the analysis of the measurement model, which aims to determine the extent to which the constructs have an adequate level of accuracy. The structural model



is used to assess the model's ability to explain the relationships between variables. The evaluation of the measurement model was conducted by considering the Composite Reliability (CR) value, Average Variance Extracted (AVE) value, the significance of factor loadings (FL), and discriminant validity. In this study, convergent validity was tested using FL, AVE, CR, and Cronbach's Alpha values. According to Hair et al. (2010), FL and AVE values indicating good convergent validity should be greater than 0.5. Meanwhile, the recommended CR and Cronbach's Alpha values to support convergent validity are above 0.7 (Hair et al., 2010; Bagozzi & Yi, 1988). The results presented in Table 3 indicate that all constructs had CR and Cronbach's Alpha values above 0.70, and FL and AVE values exceeding 0.50. Therefore, it can be concluded that all constructs in this study meet the recommended convergent validity criteria.

Table 3. Reliability and Validity Constructs

Construct	Loading	AVE	CR	Alpha
Perceived Taqwa Value (PTV)		0.834	0.953	0.934
PTV1 Using Sharia insurance reflects my obedience to Allah's commands	0.910			
PTV2 I feel that choosing Sharia insurance strengthens my spiritual awareness.	0.892			
PTV3 Participating in Sharia insurance makes me feel morally accountable to Allah	0.941			
PTV4 I believe that using Sharia insurance helps me live according to Islamic values.	0.910			
Spiritual Risk Aversion (SRA)		0.802	0.942	0.918
SRA1 I avoid financial products that may contain prohibited (haram) elements.	0.905			
SRA2 I am afraid of the spiritual consequences of using non-Sharia financial products.	0.873			
SRA3 I prefer lower profit rather than violating Islamic ethics in finance.	0.899			
SRA4 My financial decisions are guided by the desire to remain spiritually safe.	0.904			
Religio-Financial Literacy		0.789	0.937	0.911
RFL1 I understand that Sharia insurance operates on the concept of mutual risk-sharing.	0.865			



RFL2	I know that financial transactions in Islam must avoid riba, gharar, and maysir.	0.897			
RFL3	I can distinguish between Sharia-compliant and non-compliant financial products.	0.915			
RFL4	My financial knowledge is influenced by Islamic teachings and values.	0.876			
Religious Social Norm			0.735	0.917	0.880
RSN1	People around me expect me to use financial products that comply with Islamic principles.	0.838			
RSN2	My family and close friends support the use of Sharia insurance.	0.879			
RSN3	In my community, using Sharia-based financial products is considered the right thing to do.	0.845			
RSN4	I feel encouraged by my religious environment to participate in Sharia insurance.	0.867			
Trust in Sharia Governance			0.818	0.947	0.925
TSG1	I trust that Sharia insurance institutions comply with Islamic principles.	0.924			
TSG2	I believe the Sharia Supervisory Board ensures compliance with Islamic law.	0.932			
TSG3	I feel confident that Sharia insurance funds are managed transparently.	0.935			
TSG4	I believe Sharia insurance companies act in the best interest of participants.	0.822			
Intention to Use Sharia Insurance			0.755	0.925	0.892
ITU1	I intend to use Sharia insurance in the near future.	0.870			
ITU2	I plan to recommend Sharia insurance to others.	0.918			
ITU3	I prefer Sharia insurance to conventional insurance.	0.850			
ITU4	I will continue using Sharia insurance services in the future.	0.835			

Source: Smartpls 14

The next analytical step involves assessing the Heterotrait-Monotrait Ratio (HTMT) to evaluate discriminant validity among the constructs. The results of the HTMT analysis indicate



that all constructs in the model meet the discriminant validity criteria. The HTMT values range from 0.759 to 0.883, all of which fall below the commonly accepted threshold of 0.90 suggested by Henseler et al. (2015), and also within the more conservative limit of 0.85 applied in certain studies. This demonstrates that the constructs are empirically distinct from one another, indicating an adequate level of discriminant validity. Although the highest HTMT value (0.883) is observed between Intention to Use Sharia Insurance and Perceived Taqwa Value, it remains within the acceptable range, suggesting no serious multicollinearity or conceptual overlap. Therefore, it can be concluded that each construct measures a unique conceptual domain, ensuring the validity and reliability of the structural model.

Table 4. Heterotrait-Monotrait Ratio (HTMT)

	ITU	PTV	RFL	RSN	SRA	TSG
Intention To Use Sharia Insurance						
Perceived Taqwa Value	0.883					
Religious Financial Literacy	0.793	0.818				
Religious Social Norm	0.834	0.837	0.861			
Spiritual Risk Aversion	0.761	0.823	0.836	0.801		
Trust in Sharia Governance (Mediator)	0.763	0.859	0.841	0.870	0.844	

Source: Smartpls 14

Inner Model Evaluation

Inner model evaluation focuses on assessing the relationships among latent constructs, which represent the structural or theoretical model of the study. This evaluation includes several key aspects such as the examination of path coefficients to determine the significance and strength of hypothesized relationships, the coefficient of determination (R^2) to assess the model's explanatory power, and the predictive relevance (Q^2) to evaluate the model's ability to predict endogenous variables. Additionally, the model's effect size (f^2) is analyzed to measure the relative impact of exogenous constructs on endogenous constructs, while the standardized root mean square residual (SRMR) may be used to assess overall model fit. These evaluations collectively ensure that the proposed theoretical relationships are empirically supported, reliable, and meaningful.

The R-square results indicate that the model has substantial explanatory power. The construct Trust in Sharia Governance has an R^2 value of 0.756, meaning that 75.6% of its



variance is explained by its predictor variables, while Intention to Use Sharia Insurance has an R^2 value of 0.705, indicating that 70.5% of its variance is accounted for by the model. Both values exceed the threshold of 0.50, suggesting strong explanatory capability according to Hair et al. (2021). The adjusted R^2 values (0.750 and 0.695) are only slightly lower, confirming the model's stability and lack of overfitting. Overall, these results demonstrate that the predictors have a substantial influence on the endogenous constructs within the structural model.

Table 5. R-square

	R-square	R-square adjusted
Intention To Use Sharia Insurance	0.705	0.695
Trust in Sharia Governance	0.756	0.750

Source: Smartpls 14

The subsequent stage involves examining the Q^2 value to evaluate the model's predictive relevance, which will be discussed in the following section. The predictive relevance of the model was assessed using the PLS-Predict procedure, which provides the Q^2 statistic for the endogenous latent variables. According to the results, both the dependent variable, Intention to Use Sharia Insurance, and the mediating variable, Trust in Sharia Governance, exhibit strong predictive relevance, as their Q^2 values are substantially greater than zero ($Q^2 = 0.671$ and $Q^2 = 0.733$, respectively). Furthermore, the model's out-of-sample prediction accuracy was confirmed by comparing the PLS-SEM results against the linear regression and by examining the prediction error metrics (RMSE and MAE). For Intention to Use Sharia Insurance, the RMSE is 0.587 and the MAE is 0.406. Similarly, for Trust in Sharia Governance, the RMSE is 0.527 and the MAE is 0.370. These low error values, coupled with the high Q^2 scores, robustly support the model's superior ability to predict the target endogenous variables, thus validating the structural model's practical utility.

Table 6. Q-predict

	Q^2predict	RMSE	MAE
Intention To Use Sharia Insurance	0.671	0.587	0.406
Trust in Sharia Governance (M)	0.733	0.527	0.370

Source: Smartpls 14



Following the evaluation of the model's predictive accuracy, as indicated by the R^2 value, the contribution of each individual predictor was assessed using the f^2 (effect size) metric. The f^2 results, guided by Cohen's (1988) criteria for small (0.02), medium (0.15), and large (0.35) effects, reveal that Perceived Taqwa Value (PTV) provides a medium effect on Intention to Use Sharia Insurance ($f^2 = 0.276$), and a small effect on Trust in Sharia Governance ($f^2 = 0.102$). Conversely, Religious Financial Literacy ($f^2 = 0.018$), Religious Social Norm ($f^2 = 0.054$), Spiritual Risk Aversion ($f^2 = 0.005$), and the mediator Trust in Sharia Governance ($f^2 = 0.006$) all demonstrate small to negligible effects on the dependent variable.

Table 7. F-square (f^2)

	Intention to Use Sharia Insurance	Trust in Sharia Governance
Intention To Use Sharia Insurance		
Perceived Taqwa Value	0.276	0.102
Religious Financial Literacy	0.018	0.036
Religious Social Norm	0.054	0.092
Spiritual Risk Aversion	0.005	0.072
Trust in Sharia Governance	0.006	

Source: Smartpls 14

The overall fit of the structural model was assessed using the Standardized Root Mean Square Residual (SRMR), which functions as an absolute measure of model fit by quantifying the average difference between the observed correlation matrix and the model-implied correlation matrix. The calculated SRMR value for the estimated model is 0.061. Given that this value is below the widely accepted stringent threshold of 0.08 for a well-fitting model (Hair et al., 2010), the findings confirm that the proposed structural model achieves a high level of goodness-of-fit, adequately reproducing the empirical correlation matrix.

Table 8. Standardized Root Mean Square Residual (SRMR)

	Saturated model	Estimated model
SRMR	0.061	0.061

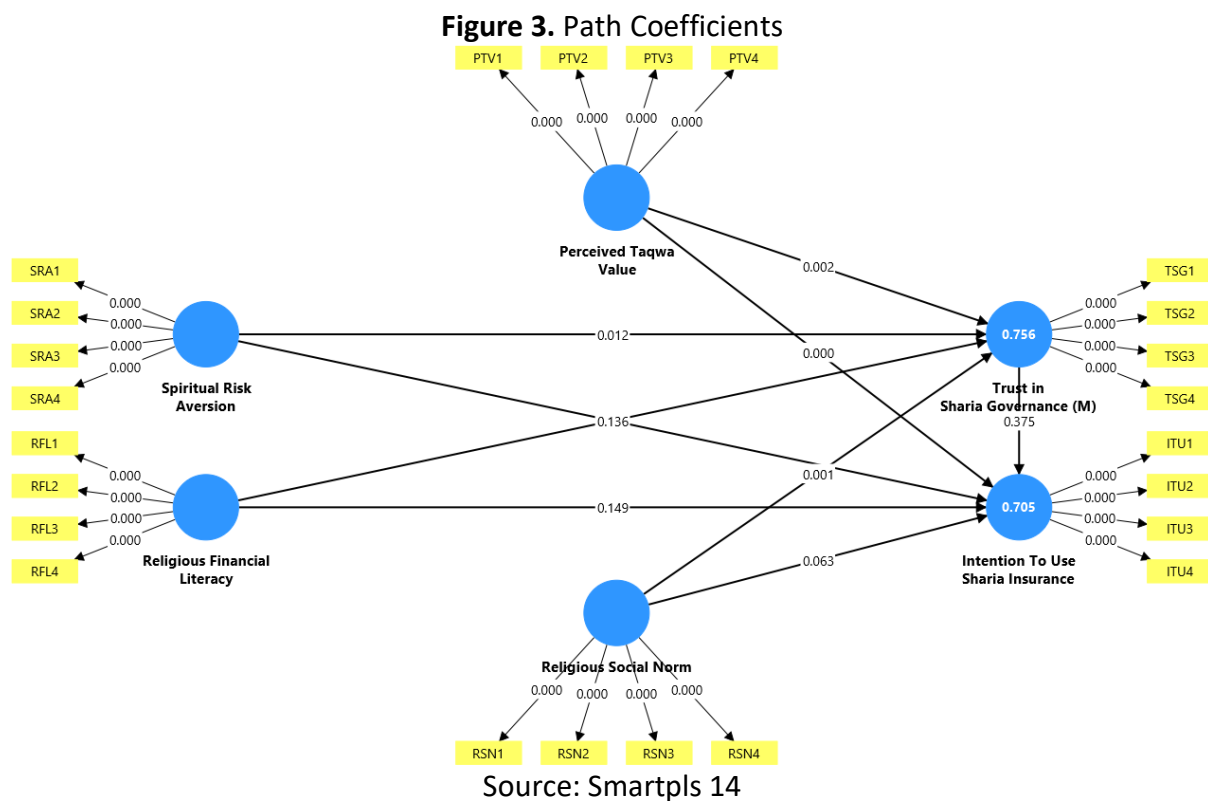
Source: Smartpls 14

Path Coefficient

The assessment of path coefficients serves as an essential procedure to evaluate the strength, direction, and significance of hypothesized relationships among latent constructs.



Path coefficients illustrate how changes in one construct influence another within the structural framework. The direct effects analysis is performed to examine the immediate relationships between independent and dependent variables, including the effects of Religious Financial Literacy, Spiritual Risk Aversion, Perceived Taqwa Value, and Religious Social Norm on Trust in Sharia Governance, as well as the influence of these constructs, along with Trust in Sharia Governance, on Intention to Use Sharia Insurance. Conversely, the indirect effects analysis focuses on testing the mediating role of Trust in Sharia Governance, which explains how Religious Financial Literacy, Spiritual Risk Aversion, Perceived Taqwa Value, and Religious Social Norm indirectly influence Intention to Use Sharia Insurance through this mediating construct. The statistical significance of both direct and indirect paths is assessed through the bootstrapping method to ensure robust empirical support for the proposed relationships. This comprehensive evaluation not only validates the hypothesized model but also provides deeper insight into the mediating mechanism of Trust in Sharia Governance in shaping behavioral intentions toward Sharia insurance.



The direct effects from the independent variables to both the dependent and mediating variables were evaluated through the bootstrapping procedure, with significance determined at the 5% level ($p < 0.05$). The analysis of the paths leading to the ultimate dependent variable, Intention to Use Sharia Insurance, reveals that Perceived Taqwa Value is the sole significant predictor ($\beta=0.542$, $p=0.000$), suggesting that an individual's deep sense of spiritual adherence is the strongest direct factor driving their intention. Conversely, Religious Financial Literacy ($\beta=0.137$, $p=0.149$), Religious Social Norm ($\beta=0.234$, $p=0.063$), Spiritual Risk Aversion ($\beta =0.073$, $p=0.425$), and the mediator Trust in Sharia Governance ($\beta=-0.085$, $p=0.375$) were all found to have statistically non-significant direct effects on Intention To Use Sharia Insurance. Regarding the paths leading to the mediator, Trust in Sharia Governance, three out of four independent variables demonstrated a significant positive effect: Perceived Taqwa Value ($\beta=0.286$, $p=0.002$), Religious Social Norm ($\beta=0.266$, $p=0.001$), and Spiritual Risk Aversion ($\beta=0.234$, $p=0.012$). This indicates that internal spiritual motivations and external community influence are crucial for building consumer confidence in the Sharia institutions, whereas Religious Financial Literacy did not significantly affect the mediator ($\beta=0.174$, $p=0.136$).

Table 9. Direct Effect

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Perceived Taqwa Value -> Intention to Use Sharia Insurance	0.542	0.530	0.135	4.007	0.000
Perceived Taqwa Value -> Trust in Sharia Governance (M)	0.286	0.282	0.094	3.052	0.002
Religious Financial Literacy -> Intention to Use Sharia Insurance	0.137	0.146	0.095	1.444	0.149
Religious Financial Literacy -> Trust in Sharia Governance (M)	0.174	0.174	0.117	1.491	0.136
Religious Social Norm	0.234	0.228	0.126	1.858	0.063



	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
-> Intention to Use Sharia Insurance					
Religious Social Norm	0.266	0.265	0.079	3.353	0.001
-> Trust in Sharia Governance (M)					
Spiritual Risk Aversion	0.073	0.072	0.092	0.798	0.425
-> Intention to Use Sharia Insurance					
Spiritual Risk Aversion	0.234	0.237	0.093	2.526	0.012
-> Trust in Sharia Governance (M)					
Trust in Sharia Governance (M) -> Intention to Use Sharia Insurance	-0.085	-0.074	0.095	0.888	0.375

Source: Smartpls 14

Following the examination of direct effects, the subsequent stage involves analyzing the indirect effects to evaluate the mediating role of Trust in Sharia Governance. The results of the specific indirect effects analysis reveal that none of the proposed indirect paths, namely those linking Perceived Taqwa Value, Religious Financial Literacy, Religious Social Norm, and Spiritual Risk Aversion through Trust in Sharia Governance to Intention to Use Sharia Insurance, are statistically significant. The original sample coefficients are relatively small and predominantly negative, with p-values exceeding the conventional threshold of 0.05, ranging from 0.397 to 0.512, indicating the absence of statistically supported mediation effects within the model. These results suggest that Trust in Sharia Governance does not function as a significant mediating variable between the examined antecedents and Intention to Use Sharia Insurance. Furthermore, the consistently low t-statistics reinforce this conclusion, demonstrating that the hypothesized mediating mechanism lacks empirical validation in the current research context.



Table 10. Indirect Effect

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Perceived Taqwa_Value -> Trust in Sharia Governance (M) -> Intention to Use Sharia Insurance	-0.024	-0.021	0.029	0.838	0.402
Religious Financial Literacy -> Trust in Sharia Governance (M) -> Intention to Use Sharia Insurance	-0.015	-0.012	0.022	0.655	0.512
Religious Social Norm -> Trust in Sharia Governance (M) -> Intention to Use Sharia Insurance	-0.022	-0.020	0.027	0.846	0.397
Spiritual Risk Aversion -> Trust in Sharia Governance (M) -> Intention to Use Sharia Insurance	-0.020	-0.018	0.026	0.776	0.438

Source: Smartpls 14

B. Discussion

The research results found that perceived taqwa value has a positive and significant effect on trust in sharia governance. Previous research demonstrates that religiosity and piety significantly influence trust in Islamic institutions. In the context of Sharia governance, this relationship operates through multiple pathways. A study on Islamic bank customer loyalty found that religiosity has a significant effect on customer trust (Puteh et al., 2021). The mechanism works by creating a psychological and spiritual alignment between the customer's personal values and the institution's stated Islamic commitments. Hasil serupa ditemukan pula untuk pengaruh perceived taqwa value terhadap intention to use sharia insurance. This



finding is in line with previous research. Taqwa positively influences intention to participate in takaful, operating through attitudes about religious fit, trust in the operator's Sharia compliance, and perceived moral obligation. In a TPB-based study of MSMEs in Sri Lanka, religiosity and trust significantly increased intention to participate in takaful. (Rifas et al., 2023). A systematic review of family takaful participation likewise identifies religiosity as core determinants of behavioral intention (Zuki et al., 2025).

For the second hypothesis, spiritual risk aversion is found to affect trust in Sharia governance but does not have a direct effect on the intention to use Sharia insurance. The relationship between spiritual risk aversion and trust is positive, indicating that individuals with higher levels of spiritual risk aversion tend to place greater trust in well-governed Sharia institutions. Furthermore, transparency and accountability mechanisms significantly and positively moderate the relationship between spiritual risk aversion and trust, strengthening the positive effect of spiritual risk aversion on trust in Sharia governance. Evidence from the Indonesian Islamic banking context supports this argument, showing that enhanced transparency and accountability significantly improve customer satisfaction and loyalty. More specifically, studies on zakat institutions demonstrate that accountability and transparency have positive and significant effects on muzakki's interest, trust, and zakat compliance decisions, indicating that higher levels of transparency and accountability reinforce trust and compliance behavior (Evriyenni et al., 2025).

For the third hypothesis, religio-financial literacy has no positive effect on either trust in sharia governance or intention to use sharia insurance. This finding differs from previous findings.(Muttaqien et al., 2025) established that Sharia financial literacy significantly influences initial trust in Islamic financial institutions, which subsequently impacts consumer preference. The structural relationship demonstrates that literacy serves as a foundational element that must precede trust formation.

The fourth hypothesis is that the influence of religious social norms only has an effect on trust in sharia governance.. Religious social norms represent the collective expectations and behavioral standards within religious communities regarding proper adherence to Islamic principles. In the context of Sharia governance, these norms establish standards for



institutional conduct, ethical decision-making, and compliance with Islamic law. Research on Sharia governance frameworks reveals that religious social norms create both prescriptive expectations (what ought to be done) and descriptive patterns (what is commonly done) within Islamic financial institutions (Sawmar & Mohammed, 2021). In zakat management institutions, research demonstrates that religious social norms operate as influential factors determining stakeholder behavior and institutional credibility. When community members perceive that religious leaders and peers trust zakat institutions' governance, their own trust increases substantially (Mahmudi & Prastmawati, 2020). This reflects a cascading effect where religious social norms transmitted through opinion leaders and community networks build confidence in Sharia governance mechanisms.

The fifth hypothesis states that trust in sharia governance also does not influence the intention to use sharia insurance. Although theory suggests that trust in Sharia governance should positively influence intention to use Sharia insurance, the findings of this study show no significant direct effect. This can be explained by the fact that the respondents are students who mostly lack personal income, limiting their ability to act on trust. While they may perceive Sharia insurance as trustworthy, their behavioral intention is constrained by economic realities. The result implies that trust may still have an indirect effect, possibly mediated by factors such as perceived affordability or religio-spiritual motivation, which were not directly measured in this study.

The results of this study indicate that trust in Sharia governance does not significantly mediate the relationship between the independent variables—Perceived Taqwa Value, Spiritual Risk Aversion, Religious Financial Literacy, and Religious Social Norm—and the dependent variable, Intention to Use Sharia Insurance. Although prior literature and theoretical frameworks suggest that trust often functions as a critical mediating mechanism in Sharia-compliant financial contexts, the findings here contradict this expectation. A plausible explanation is the unique characteristics of the sample population, predominantly students without personal income, which limits their practical ability to act on trust, regardless of their religio-spiritual motivations or knowledge. Consequently, while these antecedent factors may influence trust, the absence of financial autonomy and real



transactional experience prevents trust from translating into an actual behavioral intention. This outcome highlights the importance of considering enabling conditions, such as financial capability or access to affordable Sharia insurance products, when examining the mediating role of trust in young or financially dependent populations

Conclusion

In the context of students as potential consumers of Sharia insurance, economic factors and practical experience are believed to play a significant role in shaping their intention to use the product. Students who do not yet have an income tend to be less inclined to purchase Sharia insurance, even though they possess strong religious motivations, such as piety and religious-based social norms. The research results show that Perceived Taqwa Values significantly increase intentions theoretically, but other factors such as Spiritual Risk Aversion, Religious Financial Literacy, And Trust in Sharia Governance was insignificant on intention, indicating that practical financial constraints are the main obstacle. Lack of experience and capacity to pay premiums prevent religious intentions and trust in institutions from being translated into concrete actions. This finding is consistent with the literature on consumer behavior and Islamic financial literacy, which suggests that religious motivation and trust require financial support or practical access to drive concrete decisions. Therefore, to increase student participation, interventions such as micro-takaful products, low premiums, or subsidy schemes are needed to enable their religious intentions to be realized practically.

This study has several limitations, including the sample size consisting only of students without a steady income, which may not reflect the behavior of students already employed. Furthermore, the data was not explicitly included in the primary variables practical financial factors such as affordability. Furthermore, the data were collected cross-sectionally within a specific university context, requiring caution in generalizing to student populations in other regions. Furthermore, the dynamics of long-term intentions could not be analyzed. Based on these findings, further research is recommended to involve students from various economic backgrounds and incorporate variables such as financial ability, and using a longitudinal design to examine how intentions translate into actual behavior. Practically, Islamic insurance



institutions can develop micro-takaful products or subsidy schemes, improve Sharia-compliant financial literacy in practice, and strengthen communication regarding transparent Sharia governance to enable students' religious motivation to translate into concrete actions.

LIMITATION

This study has several limitations that should be acknowledged. First, the sample consists predominantly of university students who do not yet have stable personal income, which may constrain their ability to translate religious values and trust into actual intention to use Sharia insurance products. Consequently, the findings may not fully represent the behavior of economically independent consumers. Second, the data were collected using a cross-sectional design within a limited geographic and institutional context, which restricts the generalizability of the results across different regions and demographic groups. Third, practical economic factors such as affordability, premium perception, and access to Sharia insurance products were not explicitly incorporated into the research model, despite their potential influence on behavioral intention. Future studies are therefore encouraged to involve respondents from diverse income backgrounds, include economic capability variables, and employ longitudinal designs to better capture the dynamics between religio-spiritual values, trust, and actual participation in Sharia insurance.

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