

DOES MUSLIM SOCIETY IN INDONESIA HAVE A GOOD UNDERSTANDING OF AND TRUST IN SHARIA INSURANCE?

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Abstract

The market share of sharia insurance in Indonesia is still low compared to the conventional one even though the majority of people in this country are Muslim, indicating that there is a gap between expectations and reality. One important factor that influences market share is public trust which is built from understanding a product. Therefore, this research aims to measure the level of understanding of and trust among Muslims in Malang city in Sharia insurance products. This is empirical research employing a quantitative-descriptive analysis method. This research has found that Muslim society in Malang City still has a low understanding of Sharia insurance. In terms of the aspect of trust, their level is relatively good even though it is only built from an emotional aspect, not a cognitive one. Cognitive trust can only be built from a good understanding, whereas emotional trust can result from an emotional relationship. These findings help provide empirical data to support measures to increase Sharia insurance literacy in Indonesia.

Kenyataan bahwa pangsa pasar asuransi syariah di Indonesia masih rendah dibandingkan konvensional, meskipun mayoritas masyarakat di negara ini adalah beragama Islam. Hal ini telah menunjukkan bahwa ada kesenjangan antara harapan dengan kenyataan. Salah satu faktor penting yang mempengaruhi pangsa pasar adalah adanya kepercayaan masyarakat yang dibangun dari pemahaman terhadap suatu produk. Penelitian ini bertujuan untuk mengukur tingkat pemahaman dan kepercayaan masyarakat muslim di Kota Malang terhadap produk asuransi syariah. Artikel ini merupakan hasil penelitian empiris dengan menggunakan metode analisis deskriptif kuantitatif. Temuan dari penelitian ini adalah masyarakat muslim di Kota Malang masih memiliki pemahaman yang rendah tentang asuransi syariah. Kemudian dari aspek kepercayaan, level mereka relatif baik meski baru dibangun dari aspek emosional dan bukan aspek kognitif. Kepercayaan kognitif hanya dapat dibangun dari pemahaman yang baik, sedangkan kepercayaan emosional sudah dapat dibangun karena adanya hubungan emosional. Temuan ini memiliki kontribusi berupa penyediaan data empiris untuk mendukung upaya peningkatan literasi asuransi syariah di Indonesia.

Keywords: *understanding, trust, sharia insurance, muslim society, Malang city*

Introduction

The understanding of information and knowledge is key to creating a sustainable competitive advantage.¹ Information and knowledge development have narrowed the opportunities for competing in economics and businesses.² For companies, knowledge and understanding of a product can increase market opportunities, so profit-gaining is greater. That is, knowing about a product will establish the confidence of consumers in deciding to buy a product. For consumers, information on products, not the consideration of how much the product is needed, is an essential basis on which consumers

¹ Matošková Jana, "Measuring Knowledge," *Journal of Competitiveness*, Vol. 8, No. 4 (2016): 5–29, <https://doi.org/10.7441/joc.2016.04.01>.

² Undesa, *Recovering Better: Economic and Social Challenges and Opportunities*, Department of Economic and Social Affairs, United Nations, New York, 2020.

rely to decide which product to buy.³ Factors that influence a customer's decision can be categorized into factors of interest and knowledge level factors. Interest constitutes a feeling of pleasure accompanying a tendency to pay attention to people who act towards people whose activities or situations are the objects of interest. The consumer's knowledge factor can be viewed from the higher level of knowledge possessed as he/she has more knowledge about the product. This knowledge will later influence consumer's decisions and trust in a product. Knowledge is information stored in a person's memory. Some of this information helps the consumer recognize the market.⁴

Sharia insurance is one of the commercial products growing in society. The existence of Sharia insurance can be an alternative for the community to obtain risk replacement of insurance services based on Sharia principles. By applying sharia principles, it is hoped that practices of insurance can avoid *usury*, *gharar*, *maysir*, *zulm*, which are prohibited by law.⁵ A Muslim applying these principles under contracts and avoiding prohibited aspects in good faith will certainly be entitled to a reward from Allah SWT. According to the data released by the Financial Services Authority (OJK) at the end of 2022, there are 7 full sharia and 23 sharia units of life insurance and 6 full sharia and 20 sharia units of companies for general sharia insurance. Meanwhile, there are 1 full Sharia and 3 Sharia units of Sharia reinsurance companies.⁶ Although institutionally, the number of Sharia insurance companies has increased, the market share is still very low when compared to conventional insurance. According to OJK, the Sharia insurance market share only reached 5.3 percent

³ Fitria Ayuningsih and Ida Maftukhah, "The Influence of Product Knowledge, Brand Image, and Brand Love on Purchase Decision through Word of Mouth," *Management Analysis Journal* 9, no. 4 (2020): 355–69, <https://doi.org/10.15294/maj.v9i4.40796>.

⁴ Delvia Rusita Purnamasari and Azhar Alam, "Level of Understanding and Reasons Customers Choose Sharia Insurance Products," *Airlangga International Journal of Islamic Economics and Finance*, Vol. 3, No. 1 (2020): 42, <https://doi.org/10.20473/aijief.v3i1.19411>.

⁵ Kuat Ismanto, "Understanding on and Need for Syaria Insurance: A Case Study in Pekalongan, Central Java, Indonesia," *Journal of Accounting and Investment*, Vol. 19, No. 2 (2018), <https://doi.org/10.18196/jai.190297>.

⁶ Faricha Ma'ula and Denizar Abdurrahman Mi'raj, "Islamic Insurance in Indonesia: Opportunities and Challenges on Developing the Industry," *Journal of Islamic Economic Laws* 5, no. 1 (2022): 116–38, <https://doi.org/10.23917/jisel.v5i1.16764>.

at the end of 2022.⁷ This market share achievement is inversely proportional to the number of Muslims as the majority in Indonesia. By using a combination of a non-commercial contract approach (*tabarru'*) for mutual help (*ta'awun*) and an investment contract, sharia insurance participants will get the benefits: rewards from doing a good deed, compensation for risks, and investment benefits. These benefits should be able to change negative perceptions regarding insurance, believing that premium payments are certain but risks are not.

The fact is that many factors affect the growth of the Sharia insurance market share in Indonesia, including the level of understanding and trust toward Sharia insurance. Previous research indicates that the level of understanding and literacy of Sharia insurance highly influences people's decision to become participants. The public with no understanding of comprehensive insurance information tends to have a negative perception.⁸ The existence of misunderstandings can lead to suboptimal decision-making on insurance, and the lack of understanding was correlated with their insurance choices.⁹ In addition, an understanding of insurance products will affect the trust of the consumers. In business, trust serves as a critical element constituting a rational process that is created and maintained from time to time.¹⁰

Although research on the level of understanding of Sharia insurance has been conducted, not one within an empirical purview is addressing this issue for Muslim society in Malang City. Several cities have been surveyed regarding

⁷ Mutia Yuantisya, "Wapres Ma'ruf Amin: Pertumbuhan Industri Asuransi Syariah Rendah, *tempo.co*, Selasa, 05 April 2022, diakses Selasa 21 November 2023".<https://bisnis.tempo.co/read/1578831/wapres-maruf-amin-pertumbuhan-industri-asuransi-syariah-rendah>,

⁸ Ismanto, "Understanding on and Need for Syariah Insurance: A Case Study in Pekalongan, Central Java, Indonesia."

⁹ George Loewenstein et al., "Consumers' Misunderstanding of Health Insurance," *Journal of Health Economics* 32, no. 5 (2013): 850–62, <https://doi.org/10.1016/j.jhealeco.2013.04.004>.

¹⁰ Roy Poan, Valencya Engla Merizka, and Farida Komalasari, "The Importance of Trust Factor in the Intentions to Purchase Islamic Insurance (Takaful) in Indonesia," *Journal of Islamic Marketing*, 2021.

the level of understanding of Sharia insurance, including Solo (2020)¹¹ and Pekalongan (2018).¹² Research on the level of trust was carried out in PT. Takaful (2021).¹³ This article is the result of empirical research measuring both the level of understanding and trust in the concept of sharia insurance from Muslim society in Malang City, Indonesia. Research on these two aspects is very important because it builds the market share of Sharia insurance in this city. Understanding and trust in insurance products serve as the basic factors that influence market share, in addition to other factors related to needs and financial capabilities. Therefore, the purpose of this article is to develop the knowledge of Sharia insurance which is sourced directly from empirical data.

Research Methods

This paper is the result of empirical research which employed a descriptive-quantitative analysis method intended to elaborate facts about the level of understanding and trust of Muslim society in Malang City on sharia insurance. Data were collected from 200 respondents with various professional backgrounds through the technique of questionnaire. Respondents were determined based on simple random sampling, in which the samples of the population were randomly collected regardless of the strata. The collected data were further analyzed with indicators embedded in the questions (Q) prepared. A correct answer is scored 1 point and a wrong answer is scored 0 point. The total score obtained is calculated in percentage (%):

$$P = \frac{f}{n} \times 100\%$$

Explanation:

P : Percentage

f : Total score obtained

¹¹ Rusita Purnamasari and Alam, "Level of Understanding and Reasons Customers Choose Sharia Insurance Products." *Airlangga International Journal of Islamic Economics and Finance*, Vol. 3, Issue 1 (2020), 42.

¹² Ismanto, "Understanding on and Need for Syaria Insurance: A Case Study in Pekalongan, Central Java, Indonesia."

¹³ Poan, Merizka, and Komalasari, "The Importance of Trust Factor in the Intentions to Purchase Islamic Insurance (Takaful) in Indonesia."

n : Overall ideal score

The percentage calculation reveals the level of understanding and trust as follows:

Table 1. Level of Understanding and Trust Percentage

| Percentage Interval (%) | Level of Understanding and Trust |
|-------------------------|----------------------------------|
| 00 - 25 | Very Low |
| 26 - 50 | Low |
| 51 - 75 | High |
| 76 - 100 | Very High |

Source: Processed Data

Discussion

This data as the result of empirical research surveys the level of understanding, trust, and response about sharia insurance. However, what is elaborated in this paper is only related to the level of understanding and trust. Based on previous research, understanding and trust are very influential in the development of business institutions, including Sharia insurance. The respondents are from the Muslim society in Malang City, one of the largest districts in East Java. The profiles of the respondents represent various backgrounds of gender, profession, and age differences as a representation of elements in Malang society. The profile data of the respondents are as follows:

Table 2. Respondent's Profile

| No | Variable | Category | Total | |
|----|------------|----------------------|-------|-------|
| 1 | Gender | Male | 92 | 46% |
| | | Female | 108 | 54% |
| 2 | Occupation | Trader | 15 | 7.5% |
| | | Farmer | 7 | 3.5% |
| | | Employee | 25 | 12.5% |
| | | Teacher/ Lecturer | 53 | 26.5% |
| | | Student | 12 | 6% |
| | | Entrepreneur | 32 | 16% |
| | | State Employee | 9 | 4.5% |

| | | | |
|---|-------------------|----|-------|
| | Others | 47 | 23.5% |
| 3 | Age | | |
| | 20 – 30 years old | 35 | 17.5% |
| | 31 – 40 years old | 58 | 29% |
| | 41 – 50 years old | 54 | 27% |
| | 51 – 60 years old | 38 | 19% |
| | 61 or older | 15 | 7.5% |

Source: Processed Data

To measure the level of understanding and trust in Islamic insurance, respondents were given basic questions prepared. The following discussion begins with a theoretical review of the terms understanding and trust followed by measurement results.

Measurement of Understanding Level

The word understanding is derived from the word “understand”. Understanding is defined as the perception and interpretation of a particular situation in order to provide the context, insight and foresight required for effective decision-making.¹⁴ Successful understanding depends ultimately on our ability to understand the meaning of terms.¹⁵ Understanding has varied meanings depending upon the context of usage and the communities or institutions which develop it.¹⁶

The term understanding in Islam is identical to *al-fahmu* (الفهم) which means knowing something by heart (معرفة الشيء بالقلب).¹⁷ Therefore, understanding is a person's ability to know or understand something with his mind. An understanding is the ability to think and act with what one knows.¹⁸ Another term for the meaning of understanding is *al-faqih* (الفاقيه). *Fâqih* is the result of learning science, especially Islamic teachings. The meaning of

¹⁴ Angus Stevenson and Maurice Waite, *Concise Oxford English Dictionary*, (Oxford University Press, 2011).

¹⁵ Carl Sagan, *Understanding and Decision-Making*, (2nd Edition) (United Kingdom: Joint Doctrine Publication, 2016), 14.

¹⁶ John S Oakland, *Variation: Understanding and Decision Making, Statistical Process Control*, 2020, <https://doi.org/10.4324/9780080551739-10>.

¹⁷ Ibn Mandhūr, *Lisânuh al-Arabi*, Dâr al-Ma’ârif, 11/ 459.

¹⁸ Marta Stoce Wiske, *Teaching For Understanding*, (San Fransico, Josse Bass, 1998), 40.

understanding in Islam is always based on religion as the basis for understanding other sciences. A person is said to understand Islamic teachings if he is able to understand and practice the Qur'an and the Sunnah of the Prophet. A person who is given goodness by Allah will be understood in religion. Rasulullah SAW said: *Whoever Allah wills goodness, he will be understood in religion.*

Understanding in terms of religion is God's goal from His servants as the understanding of others. Ibn Taimiyyah said that whoever Allah wills goodness then he will try to understand the Islamic religion. On the other hand, whoever does not try to understand the religion, then Allah will not give him goodness.¹⁹ Religion is a guide for life to achieve salvation in this world and the hereafter.²⁰ Someone who is given an understanding of the Islamic religion will certainly be easy to understand issues related to life, such as in the case of Sharia insurance law.

Understanding an object that becomes a fact in our lives is important. Moreover, these objects have a direct influence on the quality of our lives both in this world and in the hereafter. Someone who learns an object or just listens to information does not automatically become an understanding person. Understanding helps us (1) easily recognize an object that becomes a fact in our lives based on the knowledge or information we obtain, (2) know the legal status of an object according to our religion and the formal law applied; (3) easily determine the attitude towards the object; (4) pave the way to the benefits of goodness.²¹

Understanding involves acquiring and developing knowledge to a level that enables us to know why something has happened or is happening (insight), identify, and anticipate what may happen (foresight). Developing understanding requires situational awareness to identify the object. By analysing the context, we can gain greater insight into the object, apply

¹⁹ Ibnu Taimiyyah, *Majmu' al-Fatâwâ*, 28/ 80.

²⁰ The Journal et al., "Islam and Human Life: Beyond Ancient Needs," *The Journal of Business Inquiry*, Volume 10, No. 1 (2014): 12–26.

²¹ Darussalam Houston, *A Brief Illustrated Guide to Understanding Islam*, Darussalam Houston, vol. 2, 2008, http://scholar.google.com/scholar?start=630&q=memorizing+Al+Quran&hl=en&as_sdt=0,5#2.

judgement to this insight, and generate understanding and in so doing may tell us why the situation has developed. Foresight will never be complete, but improving both the quality and analysis of our information will help to refine it.²²

Understanding requires the ability to transfer what we have learned to new knowledge. Understanding will open up new insights and ways of looking forward (foresight) to a known object of knowledge. Carl Sagan said that knowledge represents the fact and the understanding serves as the meaning of the fact.²³ To give meaning to a fact requires a scientific thinking process. Thinking is the process in which information, facts, and theories are gathered and analyzed; it is the process used to make effective decisions.²⁴

The respondents will be considered understanding when they are able to answer questions correctly. Several basic questions are used as indicators of the level of understanding of Sharia insurance. In this case, each of these questions has been answered by the respondent with the following results:

Table 3. Level of Understanding

| No | Indicators of Understanding | Correct Answer | | Wrong Answer | |
|----|--|----------------|-----|--------------|-----|
| 1 | The basic principles of Sharia insurance | 44 | 22% | 156 | 78% |
| 2 | Implementation of the grant contract (<i>hibah</i>) in the payment of Sharia insurance premiums for the purpose of helping fellow participants | 64 | 32% | 136 | 68% |
| 3 | Implementation of the partnership contract (<i>mudharabah</i>) in the payment of sharia insurance premiums for the investment purpose | 62 | 31% | 138 | 69% |
| 4 | The benefits of sharia insurance | 72 | 36% | 128 | 64% |
| 5 | Interest-based insurance the same as usury-based insurance | 172 | 86% | 28 | 14% |

²² Carl Sagan, *Understanding and Decision-Making*, (2nd Edition) (United Kingdom: Joint Doctrine Publication, 2016), 9.

²³ Carl Sagan, *Understanding and Decision-Making*, 10.

²⁴ Tom Postmes, Russell Spears, and Sezgin Cihangir, "Quality of Decision Making and Group Norms," *Journal of Personality and Social Psychology* 80, no. 6 (2001): 918–30, <https://doi.org/10.1037/0022-3514.80.6.918>.

certain object by employing analogies and a comparative approach to connect facts and idealism. The third principle is *creative thinking*, which is the examination of problems or situations from an original or unorthodox perspective. Background, training, and experience can often create conditional thinking, which may be prejudicial to critical analysis. Creative thinking should be encouraged to examine a situation from a fresh perspective and to create imaginative and competing hypotheses. Hypotheses should be tested against existing information to deduce meaning, or to develop alternative solutions. The fourth is *continuity thinking*. To develop an understanding, every person requires continuity of thinking performed by studying, researching, and developing science and technology. Achieving continuity requires us to: (1) develop an effective network of sources to provide access to the knowledge needed; (2) create a common way of storing and sharing knowledge; and (3) share insight between relevant subject matter experts. To be able to understand well about Sharia insurance, the Muslim society in Malang City needs these four thinking processes.

Sharia insurance is a product of knowledge. The understanding of a product depends on product knowledge-the perception of knowledge possessed by consumers of a particular product, including the experience of consumers in using previous products. The existence of product knowledge can build and assist consumers in evaluating a product so that they can feel the value of the product consumed. Product knowledge also includes the entire scope of information stored in consumer memory and can influence the actions to be taken next, including the intention to demonstrate repurchase intentions of products that have been previously purchased as a whole. Furthermore, consumers with higher knowledge will be more realistic in choosing products that are in line with their expectations.²⁷

²⁷ Priscillia Elsy and Ratih Indriyani, "The Impact of Product Knowledge and Product Involvement to Repurchase Intention for Tupperware Products among Housewives in Surabaya, Indonesia," *SHS Web of Conferences* 76 (2020): 01037, <https://doi.org/10.1051/shsconf/20207601037>.

Measurement of Trust Level

The understanding of the quality and benefits of an object offered will affect the trust that can grow from the behaviour of a person or product related to the person himself. While the quality of a product is offered, the benefits or risks will return to the company. Durhan and Aydin (2020) said that the shopping habits of consumers and the points they pay attention to are based on products/packages. Some features and functions of a product package affect consumers' trust.²⁸ Sharia insurance is one of the business products which is also highly dependent on consumers' trust.

Trust is the willingness of a party to be vulnerable to the action of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control the other party.²⁹ Fuan Li and Stephen C. Betts (2011) explained the definition of the term trust as a willingness to rely on an exchange partner in whom one has confidence. Interpersonal trust is defined here as an expectancy held by an individual or a group that the word, promise, verbal or written statement of another individual or group can be relied on.³⁰

From a sociological perspective, trust must be conceived as a property of collective units, not of isolated individuals. Being a collective attribute, trust applies to the relations among people rather than to their psychological states taken individually. Therefore, we may say that trust exists in a social system insofar as the members of that system act according to and are secure in the expected futures constituted by the presence of each other or their symbolic representations. It is the mutual faithfulness on which all social relationships ultimately depend.³¹

²⁸ Duygu Aydin and Buket Durhan, "The Role of Product Communication in Consumer Trust," *Intermedia International E-Journal* 7, no. 12 (2020): 70–83, <https://doi.org/10.21645/intermedia.2020.67>.

²⁹ Zainab M. Aljazzaf, Mark Perry, and Miriam A.M. Capretz, "Online Trust: Definition and Principles," *Proceedings - 5th International Multi-Conference on Computing in the Global Information Technology, ICCGI 2010*, no. April 2014 (2010): 163–68, <https://doi.org/10.1109/ICCGI.2010.17>.

³⁰ Fuan Li and Stephen C. Betts, "Trust: What It Is And What It Is Not," *International Business & Economics Research Journal (IBER)* 2, no. 7 (2011): 103–8, <https://doi.org/10.19030/iber.v2i7.3825>.

³¹ J. David Lewis and Andrew Weigert, "Trust as a Social Reality," *Social Forces* 63, no. 4 (1985): 967–85, <https://doi.org/10.1093/sf/63.4.967>.

Businesses need to earn and deserve public trust, and this need becomes a key managerial task. Public trust as the willingness by the public or society at large to be vulnerable toward institutions such as business legitimizes these institutions. Fukuyama (1995) said that without trust, many institutions, including business and government, would not be productive. Trust in the business context has been widely recognized as a key factor in organizational performance.³² Previous literature also hypothesized that Islamic banks requisite to enhance their institutional image and reputation through Sharia compliance quality, which is the unique feature that differentiates them from their conventional counterparts.³³

Trust is an important factor in developing the Sharia insurance business. Without public trust, it is difficult for Sharia insurance to develop. This study has explained the result of measuring the level of trust in sharia insurance. There are several indicators used to measure the level of trust, including a positive response to the existence of the institution. The following are some of the results of the questions that describe the indicators of the level of trust.

Table 3. Level of Trust

| No | Indicators of Trust | Believing it is true | | Not Believing it is true | |
|-----------------------|---|----------------------|-------|--------------------------|-------|
| 1 | Sharia insurance is different from conventional | 103 | 51.5% | 97 | 48.5% |
| 2 | Sharia contracts can influence the insurance works | 174 | 77% | 46 | 23% |
| 3 | Sharia insurance can avoid the practice of interest (<i>riba</i>) and speculation (<i>maysir</i>) | 168 | 84% | 32 | 16% |
| 4 | Insurance labelled as Sharia can be developed | 132 | 66% | 68 | 34% |
| Average Amount | | (69.63%) | | (30.37%) | |

Source: Processed Data

³² Michael Pirson, Kirsten Martin, and Bidhan Parmar, "Public Trust in Business and Its Determinants," *Business and Society* 58, no. 1 (2019): 132–66, <https://doi.org/10.1177/0007650316647950>.

³³ Md Kausar Alam et al., "The Influences of Shariah Governance Mechanisms on Islamic Banks Performance and Shariah Compliance Quality," *Asian Journal of Accounting Research* 7, no. 1 (2022): 2–16, <https://doi.org/10.1108/AJAR-11-2020-0112>.

Despite the understanding of the Muslim society in Malang City in the concept of Sharia insurance is low, their trust in Sharia insurance is categorized as high (69.63%). The highest level of trust is built from achievement indicators sequentially, implying that: (a) Sharia insurance can avoid practices of usury; (b) Sharia contracts can influence the insurance works; (c) Sharia-labeled insurance can be developed, and (e) Trust about the differences between sharia insurance and conventional insurance. On the contrary, if viewed from all indicators, it can be seen that many respondents (30.37%) do not have trust in Sharia insurance.

The highest level of trust is related to the existence of sharia insurance that can avoid usury (*riba*) practices and speculation (*maysir*). The lowest level of trust is related to the difference between Sharia insurance and conventional insurance. This shows that the respondents have considered that there is no significant difference between Sharia insurance and conventional insurance. The assumption that there are no highly significant differences has caused Muslim consumers of conventional insurance to not want to switch to Sharia insurance.

Public trust in insurance products is a person's potential to become a consumer. Not everyone who has trust in an insurance product will automatically become a consumer. Their decision to become consumers is contingent upon their needs and abilities. Several factors need to get involved in building consumers' trust, including the need to provide accessible information and, in order to strengthen customer trust, the information provided on the product must be accurate, understandable, and detailed. Furthermore, good services can strengthen customers' trust and satisfaction.³⁴ To increase the trust in Sharia insurance, these factors emphasize the importance of providing easy information to the public.

³⁴ Kughee Kim, Eunbee Hong, and Seungmin Rho, "The Study of Defined Buying Factors Affecting Trust Building and Service Performance in Financial Management Systems," *Mathematical and Computer Modelling* 58, no. 1–2 (2013): 38–48, <https://doi.org/10.1016/j.mcm.2012.06.006>.

Trust is formed because of the relationship between the party who trusts and the party to be trusted.³⁵ Geebren and Jabbar said that interpersonal-based trust can be classified into two categories, namely emotional trust and cognitive trust. Emotional trust refers to the trustor's confidence regarding security and convenience in relying on a specific trustee. Emotional trust can only be developed if the relationship between the trustor and trustee is personal such as in the organizational contexts. Cognitive trust is also called trusting beliefs which refers to trustor's perceptions of the desirable characteristics of the trustee.³⁶

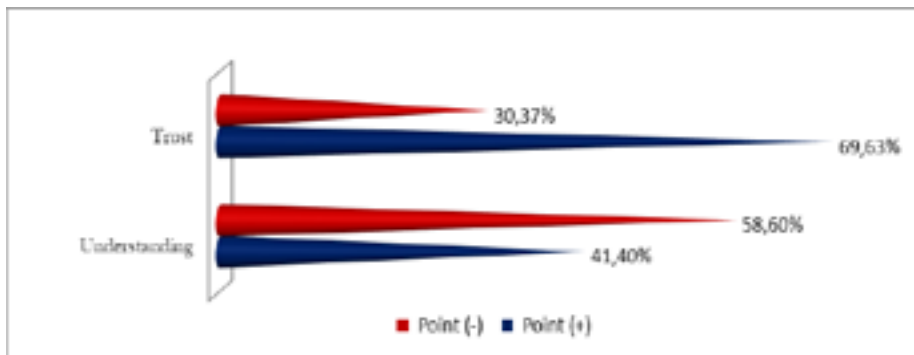
Based on this classification, the trust of Muslim society in Malang in sharia insurance tends to be developed based on emotional aspect because there is a relationship between the term of sharia and their religious beliefs. The low level of trust related to the difference between the two insurance systems indicates that the trust built on a cognitive basis has not functioned properly. Cognitive trust can only be built properly from a good understanding of an object. Half of the respondents believed that Sharia insurance is different from conventional insurance because of the implementation of Sharia principles as underlying contracts. However, their trust in this indicator is the lowest when compared to other indicators. The existence of Sharia insurance is also believed to be able to reduce/ avoid the practice of interest (*riba*) and speculation (*maysir*). The respondents also have the optimism that sharia-labeled insurance can develop in society. The optimism of respondents shows that they support the development of Sharia insurance as a substitute for conventional insurance that uses the principle of usury.

The following graph shows the overall level of understanding and trust in Sharia insurance:

³⁵ D. Harrison McKnight and Norman L. Chervany, "What Trust Means in E-Commerce Customer Relationships: An Interdisciplinary Conceptual Typology," *International Journal of Electronic Commerce* 6, no. 2 (2001): 35–59.

³⁶ Ahmed Geebren and Abdul Jabbar, "Factors That Influence Customer Trust and Satisfaction in Mobile Banking: A Problematic Approach," *International Journal of E-Business Research* 17, no. 3 (2021): 66–82, <https://doi.org/10.4018/IJEER.2021070105>.

Figure 1. Level of Understanding and Trust



Source: Processed Data

Point (+) means that the respondents have an understanding of and trust in Sharia insurance, while point (-) means that respondents have no understanding of and trust in Sharia insurance.

Conclusion

The market share of sharia insurance in Malang city can be built from the willingness of society to participate. The participation of Sharia insurance is not only influenced by factors of the need and financial capability but also by the level of understanding of and trust in this product. This research has shown that the level of understanding of the Muslim society in Malang City about Sharia insurance is not good yet due to inadequate information reaching their minds. In addition to poor self-awareness to think about Sharia insurance, they are likely not to think critically and creatively regarding Sharia insurance. In other words, Muslims in this city have not given serious attention to the product of Sharia insurance, thereby affecting their level of understanding.

From the aspect of trust, most Muslims in Malang City have had a high trust in Sharia insurance. However, the trust built by the respondents tends to lean toward emotional trust instead of cognitive trust. Emotional trust is not always built from the results of understanding. Emotional trust is built from the use of the term "sharia" attached to insurance products. Poor understanding of Muslims in Malang City does not have any impact on a high

level of trust. However, to change from emotional trust to cognitive trust, a good understanding is needed.

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