

Socio-Religious Determinants of Public Acceptance of Sharia Insurance in Contemporary Indonesia

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Abstract

The rising demand for Islamic financial instruments globally has placed *Sharia insurance (takaful)* at the center of ethical finance discourse. Indonesia, being the most populous Muslim-majority nation, provides a fertile ground for examining the socio-religious underpinnings influencing public acceptance of *Sharia*-compliant financial services. However, despite the growth of Islamic banks, *Sharia insurance* remains under-penetrated, raising crucial questions about its societal reception. This study aims to explore the key socio-religious factors that determine public acceptance of *Sharia insurance*, with a focus on Indonesian Muslim communities. It seeks to answer how religious commitment, understanding of *Sharia* principles, trust in Islamic institutions, and socio-economic awareness influence the choice to engage with *takaful* products. Special attention is paid to the role of religious leaders (*ulama*), community norms, and perceptions of *halal* risk-sharing. Employing a qualitative textual analysis method rooted in Islamic epistemology, the research examines classical Islamic jurisprudence (*fiqh mu'āmalah*), contemporary *fatāwā*, Indonesian scholarly literature, and socio-religious behavior theories. The study finds that while religious motivation plays a pivotal role, factors such as *maqāṣid al-sharī'ah* understanding and institutional trust significantly modulate acceptance levels. This research contributes to the expanding field of Islamic economics by clarifying the nuanced socio-religious mechanisms shaping public reception of *Sharia* insurance. Its findings hold policy relevance for Islamic finance stakeholders aiming to enhance inclusivity, awareness, and ethical engagement within Muslim societies.

Keywords

sharia insurance; socio-religious acceptance; takaful; Islamic economics

INTRODUCTION

The emergence of Islamic financial systems has provided alternative models to conventional finance by offering ethical, interest-free, and *Sharia*-compliant instruments. Among these, *Sharia insurance*—commonly referred to as *takaful*—has attracted scholarly and policy interest due to its distinctive risk-sharing mechanism rooted in mutual cooperation (*ta'āwun*) and shared responsibility (*takāful*) (El-Gamal,

2006, p. 132). Unlike conventional insurance, which is often criticized by Islamic scholars for its speculative and interest-based elements (*gharar* and *ribā*), *takaful* is perceived as a moral response to the need for financial protection within an Islamic framework (Billah, 2003, p. 78).

Despite its compatibility with Islamic principles and alignment with ethical finance ideals, the penetration of *Sharia insurance* in many Muslim-majority countries, including Indonesia, remains low. According to Bank Indonesia (2013), while Islamic banking witnessed a growth rate of 34.1%, the *takaful* sector lagged behind, accounting for a mere fraction of total insurance policies. This disparity invites reflection on whether doctrinal compatibility alone is sufficient to guarantee public acceptance, or whether socio-religious dynamics also influence consumer behavior toward *takaful* (Antonio, 2001, p. 115).

Indonesia, as the largest Muslim-majority country, offers a unique sociocultural context for understanding the determinants of public acceptance of *Sharia insurance*. The archipelagic nation's Muslim population exhibits diverse theological orientations, economic levels, and educational backgrounds, which inevitably shape their financial preferences and religious interpretations (Azra, 2004, p. 142). As noted by Madjid (1997, p. 91), Indonesian Islam has historically blended normative scripturalism with cultural locality, a feature that must be acknowledged in any serious study of Islamic economic behavior.

Religiosity, understood as the extent of religious belief and practice, plays a fundamental role in shaping financial decisions in Muslim societies (Kuran, 2004, p. 14). Yet, religiosity alone does not uniformly translate into engagement with Islamic financial products. Trust in Islamic institutions, perceptions of *Sharia* compliance, and the influence of religious leaders (*ulama*) contribute significantly to public disposition toward *takaful* (Dusuki & Abdullah, 2007, p. 35). Moreover, the degree of understanding of Islamic jurisprudential concepts such as *gharar*, *ribā*, and *maslahah* can enhance or diminish confidence in *Sharia insurance*.

In many cases, public skepticism toward *takaful* arises not from theological doubt, but from a lack of awareness, perceived complexity, or doubts about institutional transparency (Kahf, 2005, p. 203). The role of *da'wah* movements, Islamic educational institutions, and national *fatwā* bodies such as Majelis Ulama Indonesia (MUI) becomes crucial in cultivating public trust and literacy in Islamic finance. As emphasized by Siddiqi (1983, p. 67), knowledge and ethical intent are central to the development of a robust Islamic financial system.

This study thus poses several core questions: (1) What socio-religious factors influence public acceptance of *Sharia insurance* in Indonesia? (2) How does religious commitment correlate with financial behavior in the context of *takaful*? (3) What role

do trust and perceptions of institutional integrity play in shaping public views of *Sharia*-compliant insurance? (4) How do socio-cultural and educational backgrounds affect the reception of *takaful*? Addressing these questions is vital for diagnosing the limitations and potentialities of Islamic insurance expansion in Indonesia.

Given the country's strategic role in the global Islamic economy, identifying the socio-religious determinants behind public reception of *Sharia insurance* is not only academically relevant but also practically urgent. It holds implications for policy, marketing, education, and *fiqh*-based development. The rationale behind this study lies in bridging the existing gap between theological idealism and socio-cultural realities, thereby enriching the discourse on ethical financial inclusion in Muslim societies.

LITERATURE REVIEW

The academic discourse on *Sharia insurance* has evolved considerably over the past few decades, with early works primarily focused on its conceptual legitimacy and differentiation from conventional insurance. Siddiqi (1985, p. 29) was among the pioneers to articulate the incompatibility of conventional insurance with Islamic legal principles due to the presence of *gharar* (excessive uncertainty) and *ribā* (usury). His analysis laid the foundation for later scholars to explore alternative contractual frameworks grounded in mutuality, including *tabarru'* (voluntary donation) and *wakālah* (agency), as viable mechanisms for *takaful* operations.

In the 1990s, the scholarly conversation broadened to address institutional frameworks and regulatory issues surrounding Islamic finance, including insurance. Kahf (1995, p. 163) emphasized the need for aligning financial products with both *Shari'ah* and modern commercial practices. He also pointed out the importance of public perception and literacy in fostering a sustainable Islamic financial ecosystem. During the same period, Billah (1999, p. 51) contributed to the debate by offering a comprehensive legal and operational model of *takaful*, highlighting the cooperative essence of the system and its potential to serve as a socio-economic safety net in Muslim communities.

Entering the 2000s, attention shifted toward empirical and behavioral dimensions of Islamic finance. Antonio (2001, p. 121) examined the role of Islamic values in influencing customer preferences and found that religious adherence alone was insufficient to predict financial behavior unless coupled with institutional trust and product awareness. El-Gamal (2006, p. 187) critiqued the replication of conventional products under Islamic labels and called for more authentic financial instruments rooted in Islamic ethics rather than formalistic compliance.

Indonesian scholarship began to flourish in this period as well. Beik (2008, p. 97) studied public attitudes toward Islamic banking and insurance in West Java and discovered that many users were motivated more by social influence than doctrinal adherence. His findings were reinforced by Huda and Nasution (2010, p. 43), who found that exposure to Islamic finance education and *ulama* endorsement significantly improved the acceptance of *Sharia*-compliant financial products. These local studies offered grounded perspectives on the socio-cultural intricacies affecting the reception of Islamic economic instruments.

More recent pre-2014 research focused on integrating classical Islamic theories with modern consumer behavior frameworks. Dusuki and Abdullah (2011, p. 53) employed a *maqāṣid al-sharī'ah* lens to examine the objectives of Islamic insurance and its ethical impact on society. Their work bridged the normative principles of Islamic law with the psychological and sociological dimensions of consumer acceptance. At the same time, academic contributions from institutions like IRTI-IsDB emphasized the role of public policy and regulation in promoting Islamic insurance penetration through trust-building and literacy campaigns (IRTI, 2012, p. 88).

This evolving literature reveals a transition from theoretical validation to multidimensional analyses encompassing legal, psychological, and sociological aspects of *takaful*. While a rich body of work exists on the operational and legal aspects of *Sharia insurance*, fewer studies have deeply explored the socio-religious determinants of its public acceptance in the Indonesian context. This literature review thus sets the stage for an inquiry into how religious values, social structures, institutional credibility, and educational outreach interact to shape public perception and behavior toward *takaful* in a culturally diverse Muslim society.

Theoretical Framework

Understanding public acceptance of *Sharia insurance* necessitates an interdisciplinary theoretical framework that bridges Islamic jurisprudence, social psychology, and behavioral economics. The foundational principle lies in *fiqh mu'amalah*, the Islamic legal domain governing commercial and financial transactions. Classical scholars such as al-Shāfi'ī and Ibn 'Ābidīn prohibited conventional insurance due to *gharar* (excessive uncertainty) and *maysir* (gambling), but allowed cooperative risk-sharing models based on voluntary donation (*tabarru'*) (al-Zuhayli, 1985, p. 268). This framework legitimizes *takaful* as a *Sharī'ah*-compliant alternative, grounded in ethical solidarity and communal responsibility.

One key theoretical lens is the concept of *maqāṣid al-sharī'ah*—the higher objectives of Islamic law. Al-Shāṭibī (d. 790H) emphasized that *Sharī'ah* aims to preserve religion

(*dīn*), life (*nafs*), intellect (*‘aql*), lineage (*nasl*), and wealth (*māl*) (al-Shāṭibī, 2004, p. 345). *Takaful*, by protecting wealth and mitigating financial risk, fulfills these objectives in a manner consistent with Islamic ethics. Thus, from an Islamic normative standpoint, public engagement with *Sharia insurance* can be viewed as a form of compliance with divine law and communal welfare.

Beyond legal theory, socio-religious behavior must be examined through frameworks that explain how individuals integrate belief into action. Ajzen’s (1991) Theory of Planned Behavior (TPB) suggests that intention to act is influenced by attitude, perceived control, and subjective norms. In Islamic finance contexts, religiosity and *Shari‘ah* awareness shape attitudes, while trust in Islamic institutions determines perceived behavioral control. Subjective norms are reinforced by religious leaders (*ulama*) and communal expectations, thereby linking spiritual values to financial behavior (Lada et al., 2009, p. 67).

Complementing this, the Trust Theory in institutional economics posits that individuals are more likely to engage with financial products when the institutions behind them are perceived as honest, transparent, and aligned with community values (Guiso et al., 2006, p. 295). In the case of *takaful*, the integrity of operators and endorsement by Islamic scholars play critical roles in fostering institutional trust. Dusuki and Abdullah (2007, p. 38) argue that ethical congruence between Islamic financial institutions and their clientele is essential for acceptance.

Furthermore, social learning theory—particularly Bandura’s (1977) concept of observational learning—helps explain how individuals adopt Islamic financial practices through role models, family influence, and communal religious activities. The Indonesian context, where *pesantren* culture and community-oriented Islam are prominent, provides fertile ground for such mechanisms. Studies have shown that exposure to Islamic teachings in schools and mosques enhances *Sharia* financial literacy and subsequently increases *takaful* adoption (Beik, 2008, p. 103).

By integrating *fiqh* principles with socio-religious behavioral theories, this framework allows for a nuanced analysis of how legal, theological, psychological, and cultural elements converge to influence public perceptions of *Sharia insurance*. This holistic perspective is crucial to fully comprehend the determinants behind public engagement with *takaful* and to suggest policy or educational interventions that reflect Islamic values while addressing social realities.

Previous Research

Antonio (2001, p. 118) conducted a pioneering study on customer behavior in Islamic banking and insurance in Jakarta. His findings revealed that although religious motivation was an important factor, it was not the sole determinant of public engagement. The study highlighted the importance of institutional credibility and the perceived transparency of *Sharia*-compliant products, especially in differentiating between superficial and authentic compliance in the eyes of customers.

Beik (2008, p. 101) examined public perception of Islamic financial services in West Java and found that many users lacked sufficient knowledge about *takaful*. His study emphasized that peer influence and religious leaders played a more significant role than personal theological understanding. This empirical evidence pointed to the importance of communal dynamics in shaping acceptance of *Sharia insurance*, particularly in areas with strong *pesantren*-based social networks.

Huda and Nasution (2010, p. 49) investigated the role of Islamic education in fostering public trust in *Sharia* financial institutions. Their research concluded that familiarity with *fiqh mu'āmalah* concepts significantly correlated with higher likelihoods of *takaful* adoption. They also noted that education facilitated critical evaluation of insurance models, empowering users to make informed decisions in line with their religious convictions.

Dusuki and Abdullah (2011, p. 55) applied a *maqāṣid al-sharī'ah* lens to analyze consumer behavior in Malaysia's Islamic insurance sector. They argued that consumer choices were often based not only on legal compliance but also on the perceived ethicality and communal benefit of the products. Their work reinforced the idea that the internalization of *maqāṣid*-based values could elevate financial transactions from mere legal obligations to acts of ethical engagement.

IRTI (2012, p. 92), in collaboration with the Islamic Development Bank, presented a policy report on *takaful* expansion in Southeast Asia. The report identified institutional trust, clear regulatory frameworks, and *Sharī'ah* governance as key enablers of public confidence. It also advocated for greater integration between Islamic finance stakeholders and religious authorities to ensure consistent messaging and transparency in product offerings.

Despite these contributions, a critical research gap remains in understanding the holistic socio-religious determinants of *takaful* acceptance in Indonesia. Most prior studies have treated factors such as religiosity, education, and institutional trust in isolation. Few have employed an integrated framework that combines classical Islamic legal thought, contemporary behavioral theories, and Indonesia's unique socio-religious context. Furthermore, there is limited exploration of how communal and cultural narratives—particularly those emerging from traditional Islamic boarding

schools (*pesantren*)—influence public perceptions of *Sharia insurance*. This study aims to fill that gap by offering a synthesized, multidimensional analysis of the subject.

RESEARCH METHODS

This research employs a qualitative methodology centered on textual data analysis to investigate the socio-religious determinants influencing public acceptance of *Sharia insurance* in Indonesia. The approach is rooted in interpretive traditions of Islamic epistemology, particularly *tafsīr al-waqi'*, which emphasizes contextual understanding of social phenomena through normative Islamic principles (al-Qaraḍāwī, 1995, p. 173). The study does not utilize empirical surveys or statistical tools; instead, it analyzes secondary sources including classical Islamic texts, contemporary scholarly writings, *fatāwā* from authoritative bodies, and peer-reviewed journal articles related to Islamic finance and religious behavior.

The primary data sources consist of classical *fiqh* compendia—such as *al-Mughnī* by Ibn Qudāmah, *al-Fiqh al-Islāmī wa Adillatuhu* by al-Zuḥaylī, and *al-Muwāfaqāt* by al-Shāṭibī—alongside modern interpretations from scholars like Siddiqi (1985), Kahf (2005), and El-Gamal (2006). These sources provide the legal and ethical foundations necessary for evaluating the religious legitimacy of *takaful*. Additionally, documents from Majelis Ulama Indonesia (MUI) and Islamic Financial Services Board (IFSB) are included to assess institutional narratives around *Shari'ah* compliance.

Secondary data includes journal publications indexed in Scopus, Web of Science, and Sinta, covering studies on Islamic finance, consumer behavior, and religious ethics. These are complemented by Indonesian books and government reports on Islamic economic development, particularly those published before 2014 to meet the study's citation constraints. Through thematic coding, key constructs such as religiosity, trust, *Shari'ah* literacy, and social influence are identified and mapped against theoretical frameworks including the Theory of Planned Behavior and *maqāṣid al-shari'ah*.

Textual data was collected systematically by reviewing literature published between 1990 and 2014. Sources were filtered based on relevance, scholarly credibility, and their focus on Indonesian or broader Southeast Asian Muslim contexts. Classical texts were used to extract jurisprudential positions, while modern texts contributed to understanding contemporary societal attitudes. All texts were analyzed in their original languages (Arabic, English, and Indonesian), ensuring accurate interpretation of doctrinal nuances and socio-cultural insights.

The data analysis process involved three stages: contextual interpretation, thematic categorization, and triangulation with theory. This method ensures that the findings

are not only grounded in Islamic jurisprudence but also reflect the lived religious and social realities of Indonesian Muslims. By employing a layered textual approach, the research seeks to capture both the normative ideals and the practical constraints that shape public acceptance of *Sharia insurance* within a socio-religious framework.

RESULTS AND DISCUSSION

The analysis of textual data reveals that public acceptance of *Sharia insurance* in Indonesia is shaped by an interplay of religious, psychological, and socio-cultural factors. While doctrinal compatibility with *Shari'ah* is widely acknowledged, the level of engagement with *takaful* products varies significantly across different segments of society. This variance suggests that theological endorsement alone does not guarantee acceptance unless accompanied by social trust, ethical perception, and accessible religious education.

Several dominant themes emerged from the analysis. Firstly, religiosity acts as a foundational motivator, but its influence is mediated by trust in Islamic financial institutions and clarity about the *Shari'ah* basis of *takaful* operations. Secondly, the role of *ulama*, Islamic educational institutions, and local religious leaders is instrumental in shaping perceptions and practices related to Islamic finance. Thirdly, sociocultural factors, particularly those rooted in communal religious environments like *pesantren*, reinforce norms that either promote or hinder the adoption of *Sharia insurance* depending on the alignment of values and communication strategies.

In response to the four research questions, the discussion is structured into thematic subsections, each corresponding to a specific determinant: religiosity and religious motivation; trust and institutional integrity; the role of Islamic education and literacy; and socio-cultural environment and communal endorsement. Each section explores the findings through the integrated theoretical lens developed earlier, drawing connections between classical Islamic teachings, contemporary behavioral theories, and the Indonesian socio-religious landscape.

Religiosity and Religious Motivation

Religiosity, as both a belief system and behavioral orientation, is widely regarded as a central factor in motivating Muslim engagement with *Sharia*-compliant financial instruments. In the Indonesian context, religiosity is often expressed through ritual observance, affiliation with Islamic organizations, and adherence to religious teachings as interpreted by local *ulama* (Azra, 2004, p. 144). Yet, the connection between religious commitment and actual participation in *takaful* remains inconsistent. While

many Indonesians express strong support for Islamic principles in theory, they do not always translate these values into practice when it comes to financial products (Beik, 2008, p. 99).

One reason for this discrepancy lies in the multidimensional nature of religiosity. Glock and Stark's (1965) model, though developed in a Western context, can be adapted to Muslim societies to explain this behavior. It distinguishes between ideological, ritual, experiential, intellectual, and consequential dimensions of religiosity. In this framework, Indonesian Muslims may affirm Islamic finance ideologically but lack the intellectual and experiential engagement to confidently participate in *Sharia insurance*. This gap in *Shari'ah* literacy often leads to either apathy or dependence on community figures for guidance.

The perception of *takaful* as an act of religious merit (*'ibādah*) is found to be a motivator, especially when such views are reinforced by religious leaders or local mosques (Antonio, 2001, p. 120). When positioned within the framework of *maqāsid al-shari'ah*, protecting wealth and mitigating future risk aligns with preserving the five essentials of Islamic law (*al-ḍarūriyyāt al-khams*), thereby reinforcing the ethical and spiritual appeal of insurance (al-Shātibī, 2004, p. 346). This integration of faith and finance adds moral weight to the decision to participate in *takaful*.

However, religiosity can also function as a barrier when it intersects with skepticism toward Islamic financial institutions. Some individuals, though religiously observant, reject *Sharia insurance* because they perceive it as an imitation of conventional insurance with a religious label. This sentiment echoes El-Gamal's (2006, p. 134) criticism of the "legal mimicry" approach, which undermines genuine engagement by prioritizing form over substance. In such cases, religiosity motivates rejection, not acceptance.

Furthermore, in certain rural communities, religious motivation is interpreted through local customs and traditionalist Islamic understandings. Studies by Huda and Nasution (2010, p. 47) show that rural religious communities are often less aware of modern financial instruments, including *takaful*, and rely on informal risk-sharing mechanisms. Their religious worldview does not necessarily reject *Sharia insurance*, but it does not prioritize it either, as it is perceived as an urban, institutional concept.

The internal diversity of Islamic interpretations in Indonesia also plays a role in shaping religiosity's impact. Followers of *Nahdlatul Ulama* may emphasize communal well-being and traditional authority, whereas *Muhammadiyah* adherents may adopt more scripturalist approaches to economic ethics. This diversity influences how *takaful* is framed: as social solidarity or as religious compliance, respectively (Azra, 2004, p. 148). In either case, religiosity acts as a filter through which financial decisions are evaluated.

The presence of *fatāwā* endorsing *takaful* by the Majelis Ulama Indonesia (MUI) also adds legitimacy to the practice. However, the impact of these endorsements depends heavily on how they are communicated and contextualized at the local level. When *fatāwā* are promoted alongside practical education and institutional transparency, religiosity becomes a powerful motivator. When disconnected from such engagement, their effect is limited.

The analysis also suggests that religiosity must be complemented by access to accurate religious and financial knowledge. This finding reinforces the theoretical claim that belief without knowledge may result in symbolic support rather than practical adoption. Thus, religious motivation is a necessary but insufficient condition for the acceptance of *Sharia insurance* in Indonesia.

In conclusion, religiosity functions as both an enabler and inhibitor in the context of *takaful* adoption. Its influence is contingent on complementary factors such as education, trust, and clarity. While deeply religious individuals may be predisposed to accept *Sharia insurance*, the final decision often hinges on their understanding of its alignment with Islamic principles and their perception of its authenticity and ethical value.

Trust and Institutional Integrity

Trust in financial institutions is a critical determinant of consumer behavior, particularly in sectors where compliance with religious and ethical norms is central to product identity. In the case of *Sharia insurance*, public trust involves more than confidence in financial returns; it includes belief in the institution's adherence to *Shari'ah* principles, operational transparency, and ethical management (Dusuki & Abdullah, 2007, p. 39). In Indonesia, where religious trust networks are deeply rooted, this institutional credibility is often mediated by endorsement from religious authorities and visible alignment with Islamic values.

The perception of institutional integrity is closely linked to the presence of a well-functioning *Shari'ah Supervisory Board* (SSB). Studies have shown that when the public is aware of and familiar with the role of SSBs in overseeing *takaful* operations, their confidence in the system increases (IRTI, 2012, p. 93). These boards serve as symbolic and practical guarantees of religious legitimacy. However, their effectiveness in building public trust is often undermined by limited public knowledge about their responsibilities or by perceptions of conflict of interest.

Transparency in business operations is another key factor. El-Gamal (2006, p. 142) argued that some Islamic financial institutions adopt *form over substance*, leading to skepticism even among religiously motivated consumers. If *takaful* operators fail to

clearly differentiate themselves from conventional insurers beyond superficial rebranding, public trust deteriorates. This critique has particular resonance in Indonesia, where many consumers are wary of Islamic finance products that are perceived to lack genuine ethical or religious value.

Trust is also influenced by historical experiences and reputational factors. In Indonesia, several cases of financial mismanagement in Islamic cooperatives and microfinance institutions have generated public wariness, even toward unrelated Islamic financial products (Beik, 2008, p. 106). Such events erode the communal trust upon which *takaful* systems are ideally built. Rebuilding this trust requires not only institutional reform but also community outreach that addresses past grievances and demonstrates accountability.

The role of religious leaders and community influencers in establishing trust cannot be overstated. When *ulama* endorse specific *takaful* products or operators, their support often translates into broader community acceptance, especially in traditionalist Muslim regions (Huda & Nasution, 2010, p. 45). However, such endorsements are effective only when the religious leaders themselves are perceived as independent and knowledgeable. If they are seen as agents of the financial institution, their influence may backfire.

Social capital theory also explains how communal trust networks influence individual decisions. In tightly knit Muslim communities, collective endorsement or rejection of *takaful* may be more persuasive than institutional advertising or legal compliance. As Kahf (2005, p. 205) noted, trust is socially embedded and reflects the convergence of shared values, religious identity, and perceived integrity. Therefore, building public trust in *Sharia insurance* must occur both at the institutional and community levels.

Some institutions in Indonesia have responded by integrating *pesantren*-based outreach programs and financial literacy initiatives with their marketing efforts. These programs help demystify *takaful* operations and foster trust by promoting mutual understanding. When potential clients see alignment between institutional behavior and Islamic values—such as risk-sharing, ethical investment, and community welfare—their trust deepens.

Nonetheless, persistent distrust remains a barrier, particularly among younger, urban Muslims who are skeptical of both conventional and Islamic financial institutions. For these consumers, transparency, digital access, and corporate social responsibility are as important as religious compliance. Hence, *takaful* operators must modernize their trust-building strategies while retaining their religious identity.

In conclusion, institutional trust and perceived integrity are essential mediators of religious motivation. Even among the devout, doubt about the ethical sincerity or

operational clarity of *takaful* providers can negate religious incentives. Public acceptance depends not only on religious alignment but also on visible proof that Islamic values are being translated into ethical, transparent, and socially responsible business practices.

Islamic Education and Sharia Literacy

Islamic education plays a pivotal role in shaping the awareness and understanding of *Sharia*-compliant financial systems among Muslim populations. In Indonesia, where traditional Islamic boarding schools (*pesantren*) and Islamic universities coexist with public educational institutions, the form and content of religious education directly affect the population's exposure to *fiqh mu'āmalah* and its practical applications, including *takaful* (Azra, 2004, p. 145). The nature of this education—whether theoretical, applied, or contextual—impacts how individuals interpret and accept financial practices that claim *Shari'ah* legitimacy.

The relationship between Islamic education and public acceptance of *takaful* is well-documented. Huda and Nasution (2010, p. 43) found that individuals with exposure to structured religious curricula, especially those involving Islamic economics and finance, were significantly more likely to engage with *Sharia insurance* products. This pattern was particularly evident among graduates of Islamic universities and students in higher-level *madrasah* programs, where subjects such as *usūl al-fiqh* and *maqāṣid al-shari'ah* are taught with contemporary applications.

However, Islamic education in Indonesia is not homogenous. In many traditional *pesantren*, the curriculum still centers on classical texts like *Kitāb al-Buyū'*, *al-Muqaddimah al-Hadramiyyah*, or *Fath al-Qarib*, which address commercial transactions but may not directly engage with modern financial institutions such as insurance (al-Zuhayli, 1985, p. 273). As a result, students may develop a deep knowledge of Islamic legal theory without sufficient understanding of how those principles apply to contemporary financial products, including *takaful*.

Efforts to modernize *pesantren* education by incorporating Islamic economics are ongoing. Institutions like Pondok Pesantren Darussalam Gontor have introduced subjects related to Islamic banking and insurance, thereby equipping students with the analytical tools to evaluate and promote *Sharia* financial products (Beik, 2008, p. 104). When these graduates return to their communities as religious leaders or educators, they serve as conduits of Islamic financial literacy, increasing public awareness and potentially enhancing the acceptance of *takaful*.

Formal Islamic universities, such as Universitas Islam Negeri (UIN) and Institut Agama Islam Negeri (IAIN), have also played a significant role by offering dedicated programs

in Islamic finance. These institutions produce graduates who not only understand the religious dimensions of financial products but also engage with regulatory, managerial, and ethical aspects. As such, they become key actors in the Islamic finance ecosystem—working in *takaful* companies, teaching in *madrasah*, or contributing to public discourse through media and *da'wah*.

However, the influence of Islamic education is mediated by the accessibility and quality of instruction. In rural or under-resourced areas, access to qualified teachers or up-to-date curricula remains limited. As a result, many Muslims still rely on oral traditions or informal religious advice to guide their financial behavior. This reliance can either support or hinder *takaful* adoption, depending on the orientation and knowledge of the advising religious figure (Antonio, 2001, p. 118).

Beyond formal institutions, the role of Islamic media—books, TV programs, sermons, and online platforms—has grown in educating the public about *Sharia*-compliant finance. Television *da'wah* figures and Islamic influencers often serve as the primary source of information for urban Muslims unfamiliar with technical jurisprudence. When such figures endorse *takaful* using accessible language and moral narratives, they create an environment conducive to public acceptance.

Nevertheless, challenges remain. The lack of standardization in *Sharia* financial literacy content and the absence of structured national campaigns create fragmentation in public understanding. Without cohesive educational efforts, misconceptions persist—such as conflating *takaful* with interest-bearing insurance or misunderstanding the concept of mutual risk-sharing.

In sum, Islamic education significantly influences public reception of *Sharia insurance*, but its impact depends on content depth, contextual relevance, and dissemination methods. Institutions that bridge classical knowledge with modern finance can foster deeper acceptance, while gaps in literacy continue to act as barriers. Enhancing *Sharia* literacy across diverse educational platforms is thus essential for expanding the ethical and religious appeal of *takaful* in Indonesia.

Socio-Cultural Environment and Communal Endorsement

Indonesia's socio-cultural diversity has a profound influence on how *Sharia insurance* is perceived and accepted by the public. The reception of *takaful* cannot be separated from the communal values, local religious interpretations, and socio-economic conditions that shape people's everyday decisions. In many regions, Islamic financial behavior is not merely a product of individual religiosity but emerges from collective norms, communal authority, and cultural habits that define the local expression of Islam (Azra, 2004, p. 149).

One of the key socio-cultural factors affecting *takaful* acceptance is the role of community-based Islamic institutions such as *pesantren* and local *majlis taklim* (study circles). These institutions often act as trusted centers of knowledge, religious authority, and social interaction. When *pesantren* leaders endorse *Sharia insurance* and explain its religious significance, it gains legitimacy in the eyes of their communities (Beik, 2008, p. 101). Conversely, when they remain silent or ambiguous, community members are less likely to explore or adopt these financial products.

Cultural predispositions toward risk management also play a role. In many traditional Indonesian societies, financial risks are mitigated through informal social networks, *arisan* groups, and communal support during emergencies. These systems, deeply embedded in local culture, fulfill similar roles to insurance, albeit informally. For *takaful* to gain acceptance, it must not only offer *Shari'ah* compliance but also culturally resonate with existing practices of mutual aid and solidarity (Antonio, 2001, p. 122).

Educational background further mediates these socio-cultural influences. Individuals with higher education levels, particularly those exposed to Islamic economics, are more likely to understand the institutional and legal rationale behind *takaful*. In contrast, those with limited formal education may view insurance—*Sharia*-compliant or not—as foreign, bureaucratic, or unnecessary. These perceptions are shaped by both limited exposure to Islamic financial literacy and the dominance of local, informal economic systems.

In urban areas, where exposure to media and marketing is higher, acceptance of *Sharia insurance* is influenced by consumer culture and modern lifestyle aspirations. Urban Muslims, especially younger generations, are drawn to ethical branding and digital access, in addition to religious values. They seek convenience, online transparency, and alignment with lifestyle goals. Hence, *takaful* providers must adapt their outreach to blend Islamic ethics with modern consumer expectations.

Rural areas, on the other hand, often rely more heavily on religious leaders, village heads, and community influencers for guidance. These figures serve as gatekeepers to new ideas and financial practices. Their attitudes toward *takaful*, whether supportive or dismissive, can significantly sway public opinion. In many such communities, decisions are made collectively or are influenced by precedent, further underscoring the importance of communal endorsement (Huda & Nasution, 2010, p. 46).

The strength of communal influence also explains why promotional strategies that emphasize shared benefits and social solidarity are more effective than individualistic marketing. The Islamic concept of *ta'awun* (mutual assistance) resonates with Indonesian values of *gotong royong* (community cooperation). When *takaful* is framed as an extension of these values rather than a financial contract, it gains cultural legitimacy and emotional appeal.

Yet, communal endorsement can also perpetuate misinformation. In areas where religious leaders lack up-to-date knowledge of Islamic finance, misconceptions about *takaful*—such as confusing it with profit-seeking insurance or considering it haram due to unfamiliar terms—can spread. This underscores the need for targeted educational programs aimed at local influencers and not just the general public.

Socio-economic status also intersects with cultural factors. For lower-income communities, affordability and perceived necessity are crucial. Even if *takaful* is deemed religiously acceptable, its adoption remains low if premiums are perceived as burdensome or if benefits are unclear. Therefore, beyond cultural endorsement, product accessibility and clarity are essential to translate acceptance into action.

In summary, the socio-cultural environment in Indonesia significantly shapes public perceptions of *Sharia insurance*. Community structures, educational exposure, traditional financial norms, and local leadership all play a role in determining whether *takaful* is seen as a legitimate, relevant, and desirable financial option. To foster widespread acceptance, *Sharia insurance* must engage with these communal realities while staying anchored in Islamic ethical and legal principles.

Aligning Faith, Trust, and Social Reality

The findings across the four research questions clearly demonstrate that public acceptance of *Sharia insurance (takaful)* in Indonesia is not shaped by any singular determinant. Instead, it emerges from the interplay of multiple, mutually reinforcing socio-religious dimensions—specifically, religious motivation, institutional trust, educational engagement, and socio-cultural context. Religiosity operates as a foundational motivator; individuals often seek financial choices that align with their religious commitments. However, religiosity alone is insufficient. For religious motivation to translate into concrete action, it must be accompanied by cognitive understanding, emotional confidence, and contextual relevance (Siddiqi, 1985, p. 67; Dusuki & Abdullah, 2011, p. 54). When Islamic beliefs are supported by credible religious education and administered through trustworthy institutions, *takaful* is no longer just permissible (*halāl*)—it becomes preferable and ethically imperative.

A recurring theme emerging from the data is the persistent gap between *Shari'ah* ideals and public financial literacy. While many Indonesian Muslims affirm the moral and ethical superiority of Islamic finance over conventional alternatives (Kahf, 2005, p. 203), a significant portion lacks the technical knowledge to evaluate or confidently access *takaful* products. This disjunction is especially evident in rural and semi-urban regions where *fiqh mu'amalah* and Islamic economic principles are not widely disseminated. Educational programs—whether offered through *pesantren*, Islamic universities, or mass media—often do not focus adequately on the practical

dimensions of *Shari'ah*-compliant financial instruments (Beik, 2008, p. 99; Huda & Nasution, 2010, p. 43). Institutions capable of translating complex legal doctrines into accessible, relatable, and actionable public messages are far more likely to foster engagement. This reflects the Islamic pedagogical principle of *ta'lim* (educative communication), which emphasizes clarity, relevance, and ethical instruction.

Institutional and social trust acts as a critical bridge between internal religious motivation and actual consumer behavior. Even the most devout individuals may hesitate to engage with *Sharia insurance* products if they perceive a lack of transparency, integrity, or religious authenticity within the offering institutions. The literature affirms that trust must be earned through demonstrable consistency, ethical governance, and clear compliance with *Shari'ah* rulings (El-Gamal, 2006, p. 142; IRTI, 2012, p. 88). Religious leaders, particularly those embedded in grassroots Islamic communities—such as *kyai*, *ulama*, or mosque imams—play a significant role in validating or undermining public trust. When these figures are well-informed, independent, and publicly endorse *takaful*, they serve as effective ethical validators. However, when they are perceived as commercially compromised or insufficiently knowledgeable, their endorsements may have limited impact or even incite skepticism (Antonio, 2001, p. 115; Huda & Nasution, 2010, p. 45).

The broader socio-cultural environment also profoundly shapes public reception of *Sharia insurance*. Indonesian Islam is not monolithic; it is characterized by regional pluralism, hybrid theological traditions, and varying degrees of modernist and traditionalist influence (Azra, 2004, p. 142). Within this framework, *takaful* must be positioned not merely as a financial innovation but as a culturally meaningful and religiously rooted practice. Islamic ethical concepts such as *ta'awun* (mutual assistance), *maslahah* (public benefit), and *kafalah* (guarantee) must be framed in language and narratives that resonate with local customs, such as *gotong royong* (communal cooperation). When religious and cultural vocabularies align, the community is more likely to perceive *takaful* as a continuation of its own moral economy rather than an externally imposed financial structure (Billah, 2003, p. 78; Kahf, 1995, p. 169).

Taken together, these findings underscore the necessity of a multidimensional strategy to foster public acceptance of *Sharia insurance* in Indonesia. The complexity of Muslim financial behavior demands a synthesis of classical Islamic legitimacy, institutional integrity, public education, and socio-cultural alignment. Rather than viewing religiosity, trust, or literacy as isolated variables, stakeholders—policymakers, scholars, and financial institutions—must adopt a systemic approach. This means recognizing and addressing the ecosystem of interconnected influences that determine how Muslims perceive, evaluate, and ultimately engage with Islamic financial services (Dusuki & Abdullah, 2007, p. 35; Siddiqi, 1983, p. 45). Only through this integrative lens

can *takaful* achieve broader acceptance and fulfill its ethical and economic potential within Indonesian society.

CONCLUSION

This study has explored the determinants of public acceptance of *Sharia insurance* in Indonesia from a socio-religious perspective, integrating classical Islamic thought with modern behavioral frameworks. Through a comprehensive analysis of textual data, it has become evident that acceptance of *takaful* is influenced by more than doctrinal permissibility; it hinges on how deeply Islamic values are understood, trusted, and contextualized within communal life.

Religiosity plays a critical yet conditional role in shaping financial behavior. While many Indonesian Muslims are motivated by a desire to align their economic choices with religious principles, this motivation must be supported by educational exposure and institutional integrity. Trust in *Sharia*-compliant institutions, shaped by transparency and religious endorsements, is vital in converting ethical intent into concrete financial decisions.

Education—both formal and informal—emerges as a key enabler. When Islamic financial literacy is accessible, culturally relevant, and embedded within community institutions, it enhances public confidence in *takaful*. Equally important is the socio-cultural environment, which acts as a filter through which religious values are interpreted and acted upon. Local traditions, communal practices, and the influence of religious leaders all contribute to shaping the public's perception of *Sharia insurance*.

To foster broader acceptance of *takaful*, stakeholders must approach the issue holistically. Efforts must go beyond regulatory compliance or product promotion; they must actively engage with religious education, build institutional trust, and embed Islamic financial ethics within the cultural and communal fabric of Indonesian Muslim society.

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