The Dynamics of Sharia Financial Product Utilization and Literacy in Shaping Individual Financial Stability: A Case Study of Participants at PT Sinar Mas Asuransi Syariah

Daniel Beltsazar Armagatlie[1*], Reza Ronaldo[2], Tulus Suryanto[3], Pertiwi Utami[4]
Sekolah Tinggi Ekonomi dan Bisnis Islam Lampung, Indonesia[1,2,4]
Universitas Islam Negeri Raden Intan Lampung, Indonesia[3]
Email: danielba76@yahoo.com[1*], rezaronaldo@stebilampung.ac.id[2], tulus@radenintan.ac.id[3], pertiwiutami@stebilampung.ac.id[4]

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Abstract
Individual financial stability depends not only on income and savings but also on the ability to utilize risk-protection instruments. This study aimed to examine how product understanding, perceived benefits, and Islamic financial literacy interact in shaping the financial stability of participants at PT Sinar Mas Asuransi Syariah. A qualitative single-case study was conducted from December 2025 to March 2026 involving 12 participants selected through purposive sampling. Data were collected through semi-structured interviews, observations, and documentation, and were analyzed thematically through coding, theme development, cross-informant comparison, and triangulation. The findings revealed varying levels of product understanding, ranging from basic or symbolic knowledge to a comprehensive understanding of protection functions and product suitability. Participants perceived tangible benefits through claim experiences and intangible benefits through a sense of security and preparedness for future risks. Islamic financial literacy was found to be low to moderate; most participants understood fundamental principles such as mutual assistance (ta'awun) and the prohibition of riba (usury), but had limited operational knowledge regarding contracts (akad), fund management, and protection mechanisms. Higher levels of product understanding and literacy enabled participants to select appropriate products and integrate insurance into their financial planning. The study concluded that Islamic insurance (asuransi syariah) contributes to financial stability most effectively when policy ownership is supported by practical financial literacy, transparent communication, and continuous participant education.

INTRODUCTION

Individual financial stability is an important foundation for household economic resilience, particularly in facing income uncertainty, health risks, inflationary pressures, and various unexpected economic shocks. Recent literature no longer defines individual financial stability narrowly as the ability to fulfill daily needs but rather as the capacity to plan finances, manage risks, maintain sustainable consumption, and recover from economic stress. Therefore, financial stability is closely associated with financial well-being, financial resilience, and financial planning behavior, as these concepts emphasize individual preparedness to respond sustainably to changing economic conditions (Jalili et al., 2025; Kakde et al., 2024; Katnic et al., 2024; Liu et al., 2025; Zhang & Chatterjee, 2023).

In this context, financial protection instruments play an important role because they function as risk mitigation mechanisms that help maintain household financial sustainability. Recent literature suggests that individual financial resilience is influenced not only by income and savings but also by the ability to utilize formal financial instruments, such as insurance, to reduce vulnerability to unexpected shocks. Findings from Indonesia also indicate that insurance ownership is positively associated with financial well-being, particularly when combined with healthy financial behavior and emergency fund preparedness. This confirms that insurance is not merely a complementary financial product but also an important component of a protection strategy relevant to individual financial stability (Balytska, 2017; Behrendt et al., 2019; Čihák et al., 2016; Klapper & Lusardi, 2020; Kobayashi, 2017).

For Muslims, financial protection should ideally be not only economically effective but also aligned with sharia principles. This is where sharia insurance or takaful becomes relevant. Unlike conventional insurance, which generally operates through risk transfer mechanisms, sharia insurance is based on the principles of ta'awun (mutual assistance), tabarru' (voluntary contribution), and risk sharing, emphasizing cooperation, justice, and mutual responsibility among participants (Sufyan & Othman, 2025; Awalia & Maulidizen, 2025). Recent studies indicate that research on Islamic insurance continues to develop, not only in relation to legal and conceptual aspects but also regarding participant experiences, consumer behavior, service quality, and the role of Islamic insurance in supporting financial resilience (Alam et al., 2023; Cahyandari et al., 2023; Dewi, 2023). Thus, sharia insurance is increasingly recognized as part of the Islamic financial ecosystem with both economic and ethical dimensions.

In Indonesia, the urgency of this study has increased because improvements in national financial literacy and inclusion have not been fully accompanied by strengthened literacy and equitable utilization of Islamic financial products (Kamal, 2024). The results of the 2025 National Survey on Financial Literacy and Inclusion (*Survei Nasional Literasi dan Inklusi Keuangan* [SNLIK]) published by the Financial Services Authority (*Otoritas Jasa Keuangan* [OJK]) showed that the national Islamic financial literacy index reached only 43.42%, while national financial inclusion reached 66.64%. This gap indicates that although public access to financial services has expanded, a deeper understanding of the principles, benefits, risks, and mechanisms of Islamic financial products remains necessary (Adiyanto et al., 2021; Nuraini et al., 2023). Individuals may recognize the existence of Islamic financial products but may not fully understand their fundamental differences from conventional products, the protection benefits offered, or their relevance to personal financial planning (Salim et al., 2021).

Within the context of Islamic finance, literacy is not limited to recognizing products but also includes understanding contracts (akad), halal principles, fund management mechanisms, and product suitability based on the financial needs of Muslim communities. For the sharia insurance industry, this condition represents both a challenge and an opportunity to strengthen education, improve product communication quality, and enhance participants' understanding so that product utilization extends beyond policy ownership and becomes an integral component of individual financial protection and stability strategies.

This issue is closely related to Islamic financial literacy. Contemporary literature views Islamic financial literacy not only as knowledge of Islamic financial terminology but also as the ability to understand principles, contracts, benefits, risks, and the relevance of Islamic financial products in financial decision-making. Research has shown that Islamic financial literacy and religious motivations are positively associated with ownership of Islamic financial products. These findings are important because they confirm that decisions to utilize Islamic financial products cannot be explained solely by religious identity but are also strongly influenced by adequate understanding of product structures and benefits. In the context of sharia insurance, Islamic financial literacy enables participants to understand protection functions, fund management mechanisms, and fundamental differences between sharia-based and conventional insurance products.

In addition to literacy, perceived product benefits represent a critical factor influencing financial decision-making. In practice, participants tend to choose, maintain, or utilize financial products when they perceive clear benefits, including financial protection, a sense of security, risk management support, and alignment with their personal values. Research on consumer perceptions of takaful adoption indicates that relative advantage, compatibility, awareness, and trust are positively associated with participants' perceptions of products and their decisions to adopt takaful. Therefore, the stronger the perceived benefits and level of trust, the greater the likelihood that sharia insurance products will be positively accepted by the public.

However, product benefits cannot be fully optimized when the selected product does not correspond to participants' protection needs and financial conditions. The literature on financial planning behavior confirms that effective financial planning involves setting financial goals, managing cash flow, preparing emergency funds, investing prudently, and managing risks through appropriate protection instruments. Within this framework, insurance selection should be part of rational and planned financial decision-making rather than merely a result of promotional strategies, agent recommendations, or social influence. Therefore, understanding different types of sharia insurance products is essential to determine whether protection benefits can be effectively experienced by participants in their daily financial lives.

In the Indonesian context, public understanding of sharia insurance remains a significant challenge. Studies on consumer behavior and takaful penetration in Indonesia indicate that despite the country's large Muslim population, public understanding of the concepts, benefits, and advantages of takaful products remains uneven. Many consumers are familiar with conventional insurance, while their understanding of takaful is often limited to the "sharia" label without sufficient knowledge of its actual benefits and protection mechanisms. This condition demonstrates a gap between market potential, consumer understanding, and actual experiences in utilizing sharia insurance products.

Based on this perspective, individual financial stability among sharia insurance participants is the result of a more complex process than merely owning an insurance policy. Such stability is likely shaped by the interaction between participants' understanding of product types, their interpretation of perceived benefits, and their level of Islamic financial literacy. Although previous studies have extensively examined financial literacy, takaful adoption, participant satisfaction, and financial well-being, relatively limited research has specifically investigated how these three dimensions interact within the real-life experiences of sharia insurance participants in Indonesia.

Studies on insurance, financial performance, and innovation in Indonesia have demonstrated strong relevance to participants' financial decisions. Research on Indonesian millennials found that insurance ownership significantly influences financial well-being, alongside emergency funds as important household financial buffers. These findings indicate that insurance can serve as an important instrument for strengthening individual financial well-being; however, its effectiveness is strongly influenced by how individuals understand, own, and interpret insurance products within their daily financial practices.

Nevertheless, a research gap remains regarding how product types, perceived benefits, and Islamic financial literacy interact in shaping individual financial stability among sharia insurance participants in Indonesia. Many previous studies have focused primarily on adoption intentions, product ownership, or quantitative relationships between variables, while the experiential dimensions, meanings, and dynamics of participant perceptions remain relatively underexplored. In the context of sharia insurance, participants' subjective understanding is particularly important because it is closely associated with trust, religious values, perceived benefits, and decisions to maintain insurance products over time.

Based on this background, this research was conducted to explore how participants of PT Sinar Mas Asuransi Syariah interpreted the types of products they used, the benefits they experienced, and their level of Islamic financial literacy in relation to personal financial stability. This focus provided a strong academic basis for applying a qualitative case study approach, allowing the research findings to contribute to the sharia economics literature while providing practical insights for developing education, product communication, and literacy strategies within the sharia insurance industry in Indonesia.

METHOD

Approaches and Types of Research

This study employed a qualitative approach with a single-case study design. This approach was selected to gain an in-depth understanding of participants' experiences, perceptions, and interpretations regarding sharia insurance products, perceived benefits, Islamic financial literacy, and their relationship with individual financial stability. The case study focused on individual participants of PT Sinar Mas Asuransi Syariah within a clearly defined research context. The study applied a descriptive-interpretive approach, aiming not only to describe participants' experiences but also to interpret the meanings derived from those experiences.

The research was conducted at PT Sinar Mas Asuransi Syariah, with data collection focusing on individual participants who interacted with the company's services at the PT Sinar Mas Asuransi Syariah Head Office, Plaza Simas 5th Floor, Jl. KH Fachrudin No. 18, Central Jakarta, DKI Jakarta 10250. The research location was selected due to its relevance to the study focus and its ability to provide access to information regarding participants' experiences in utilizing sharia insurance products. The study was conducted from December 2025 to March 2026, covering the preparation stage, data collection, data analysis, and report preparation.

The research subjects were active individual participants of PT Sinar Mas Asuransi Syariah who had experience using sharia insurance products. Informants were selected through purposive sampling based on the following criteria: (1) active participation in the insurance program; (2) experience using the product for at least two years; (3) previous interaction with company services, including product consultations, contribution payments, policy renewals, or claims; and (4) willingness to provide information openly. The number of informants was determined based on data adequacy and saturation. A total of 12 informants participated in the study and were considered sufficient to provide relevant information addressing the research objectives.

Data Types and Sources

The research data consists of primary data and secondary data. Primary data were obtained from in-depth interviews and observations of informants. Secondary data is obtained from relevant documents, such as product brochures, educational materials, official company information, and other supporting documents. Primary data is the primary source because the research focuses on the participants' experience, while secondary data is used to complement the information and strengthen the interpretation of the research results.

Data Collection Techniques

Data collection was carried out through semi-structured in-depth interviews, observations, and documentation. Interviews are used as the main technique to explore participants' understanding of the type of product, perceived benefits, Islamic financial literacy, and the role of products in individual financial stability. Interviews are conducted face-to-face or online via WhatsApp Call or Zoom with a duration of about 30-60 minutes. The interview was recorded with the informant's consent and then transcribed for analysis purposes.

Observations were carried out on a limited basis to obtain an overview of the context of service interaction and enrich the results of the interview. Documentation is used to supplement data through product documents, educational materials, company profiles, and other official information. During the data collection process, the researcher also made field notes to record important points that came up during the interviews and observations. The use of several techniques and data sources is carried out as a form of triangulation to increase the validity of the data.

Data Analysis Techniques

Data analysis is carried out in stages from the data collection process to the drawing of conclusions. The research uses thematic analysis to identify, classify, and interpret patterns or themes that emerge from interview data. The analysis process is carried out through several stages, namely transcription and organization of data, reading data repeatedly, initial coding, grouping code into themes, theme review, and preparation of interpretation.

The coding is carried out based on the focus of the research, namely the understanding of sharia insurance products, the perceived benefits, sharia financial literacy, and individual financial stability. The researcher also opened up the possibility of new themes emerging from the data, such as the role of agents, claim experience, actual and latent benefits, and sharia understanding that is still general. Furthermore, codes that have similar meanings are grouped into the main themes. The theme includes understanding the product, perceived benefits, Islamic financial literacy, financial stability or resilience, and the interaction between these three aspects.

To help the consistency of the analysis, the researcher used a simple categorization of the level of product understanding, Islamic financial literacy, and financial resilience based on the information submitted by the informant. The categorization is not intended as a quantitative measurement, but as a tool in reading data patterns systematically. The results of the categorization are then compared with the entire narrative of the informant so that the interpretation remains in accordance with the context of each experience.

The analysis was then carried out cross-informant to find similarities, differences, and patterns of experience. Comparisons were made between Participants who have and have never made claims, Participants with different levels of product understanding, and Participants with sharia literacy that are symbolic, conceptual, and operational. Findings that differ from the general pattern are retained as part of the analysis so that the results of the study are not too general.

RESULTS AND DISCUSSION

Research Findings Based on Study Focus

The findings of the study show that participants' understanding of the types of sharia insurance products is at various levels. Some informants are able to explain their products and their protection functions quite well, while others only understand the product at a very general level. Participants who have a better understanding are more likely to be able to explain the reasons for choosing a product, assess its suitability for personal needs, and see the product as part of financial planning.

On the other hand, participants whose understanding is limited, more often view sharia insurance products only as a form of contributions or periodic payment obligations. These findings show that understanding the type of product is an important basis in determining how participants place sharia insurance in individual financial protection strategies.

Table 1. Informant Analytical Categorization Based on Product Understanding, Form of Benefits, Sharia Financial Literacy, and Perceived Financial Resilience

No.	Informant Code	Product Understanding Level	Perceived benefits	Sharia Financial Literacy Level	Brief Analytical Description
1	IN-01	Medium	Let	Medium	Understand the basic functions of health products, but have not explained in depth the sharia mechanism.
2	IN-02	Height	Let	Medium	Understanding sharia unit links as protection and investment, but sharia literacy is still stronger in the general aspect than in the technical aspect.
3	IN-03	Medium	Let	Medium	Understanding educational products as an instrument for future planning, but has not fully explored the contract and detailed features.
4	IN-04	Height	Actual	Height	Have experience in claims and understand the benefits of the product in a concrete way, and be able to explain the protection more completely.
5	IN-05	Low	Let	Low	Using fire products is mainly an anticipation, but understanding of sharia products and principles is still limited.
6	IN-06	Medium	Actual	Medium	He has claimed on vehicle products, so that the benefits are real, even though the understanding of sharia is not yet deep.
7	IN-07	Low	Let	Low	The product is seen as a general protection, but it has not been understood in detail in terms of features and sharia principles.
8	IN-08	Medium	Actual	Medium	The claim experience clarifies the benefits of vehicle products, but the

					understanding of the sharia contract and mechanism is still partial.
9	IN-09	Low	Let	Low	Having fire products is a form of prudence, but the understanding of the product is still symbolic and general.
10	IN-10	Medium	Let	Medium	Know the basic benefits of vehicle products, but do not have claim experience and do not understand sharia operationally.
11	IN-11	Medium	Actual	Medium	The experience of claims strengthens the perception of benefits, while sharia literacy is at a conceptual level, not yet operational.
12	IN-12	Low	Let	Low	Products are interpreted as reserve protection, but the understanding of sharia features and principles is still very common.

Source: Results of the researchers' categorization based on in-depth interviews, 2025.

Participant's Understanding of the Types of Sharia Insurance Products

The findings of the study show that participants' understanding of the types of sharia insurance products is at varying levels. Some informants already have a relatively good understanding of the type of product they use, including their protection purposes, basic features, and main benefits. This is reflected in the statement of one of the informants who conveyed that:

"I take this product because it is indeed for family health protection, so if there is a risk of getting sick, there is already a cover. I also know the limits and what is covered."

However, some other informants only understand the product in general and have not been able to explain in detail the difference between one product and another. One of the informants stated:

"I know this is sharia insurance, but if you ask me how it is different from other products, I don't understand, the important thing is to just follow what is recommended."

This variation confirms that product ownership is not always accompanied by an adequate understanding of the product's character.

Informants who show a better understanding generally come from an educational background or experience closer to the financial world, or have received quite intensive explanations from companies or agents. In this group, the type of product is understood as a consciously selected instrument according to the need for protection. They tend to be able to connect the products used with the risks they want to anticipate, such as health risks, children's educational needs, or long-term protection needs. As other informants revealed:

"I chose this product because it is for children's education. I think it suits my family's needs and still matches my financial ability."

This shows that a better understanding of the product drives a more rational and targeted selection process.

On the other hand, there are also informants who choose products with a limited understanding basis. In this group, purchasing decisions are more influenced by agent recommendations, the experiences of those closest to them, or the general belief that sharia products are safer religiously. This can be seen from the following informant's statement:

> *"I joined because the agent who offered it, I happened to know him, so I believed!. The important thing is sharia."*

In these conditions, the type of product is not really understood as an instrument that has specific features, scope of benefits, and working mechanisms. As a result, products tend to be perceived as something that is "followed" or "worn", but not yet fully understood as a protective device designed according to specific financial needs.

From the results of the interview, the understanding of the type of product can be read in three layers. The first layer is substantive understanding, which is when the informant is able to explain the reasons for choosing a product, its main benefits, and its relevance to personal or family needs. The second layer is partial understanding, which is when the informant knows the name of the product and its general function, but has not yet understood the detailed features or differences between product categories. The third layer is symbolic understanding, which is when the informant emphasizes that the product is "sharia" without clearly knowing the structure of the benefits and mechanisms, as stated by one of the informants:

> *"I chose sharia because it is calmer religiously, even though I don't understand the details of the contract."*

This classification is important because it shows that the depth of understanding affects how the product is interpreted by the Participant.

Analytically, these findings show that the type of sharia insurance product cannot be positioned only as an administrative category. In the Participant's experience, the type of product serves as the starting point for the formation of the perception of benefits and the assessment of the use value of the product. Products that are chosen with a better understanding tend to be more easily perceived for their benefits, while products that are chosen without sufficient understanding are at risk of being perceived only as a contribution burden. Therefore, understanding the type of product is one of the basic elements that determine the effectiveness of sharia insurance protection for individual financial stability.

The first finding related to the formulation of the problem regarding the Participant's understanding of the type of product shows that the Participant's understanding is still multi-level, ranging from substantive, partial, to symbolic. In this context, it is not enough that sharia insurance products are only available and can be purchased, but must be adequately understood in order to truly function as a protective tool that suits their needs. When Participants understand the character of the product, the scope of benefits, and its suitability for the risks faced, then the product tends to be used more rationally and of value to their financial lives. On the other hand, when understanding is still limited, products are at risk of being seen as mere routine expenses or membership formalities. Therefore, these findings show that the main weakness is not solely in the product design, but in the process of product translation to the Participant.

These findings also corroborate the financial behavioral literature that states that product understanding is an important part of financial decision-making, where individuals with a better understanding tend to be able to choose products that fit their risk profile and financial goals. Thus, the results of this study not only confirm the existing theory, but also show that in the context of sharia insurance, the dimension of understanding has a more contextual role because it relates to religious values and protective perceptions.

From these findings, the solution that can be offered is the need to strengthen product education based on the needs of participants. Companies need to describe the product not only in technical and marketing language, but in language that relates the product to real-life situations, such as family health protection, asset security, business sustainability, or protection against household risks. Thus, the product is no longer understood as a mere policy name, but as an answer to specific risk needs. In addition, the mapping of Participants' needs before product offerings also needs to be strengthened, so that the chosen product not only sells well, but is completely in accordance with the risk profile and financial goals of the participants. The findings show that the match of products with needs is one of the key points in the formation of financial stability.

These findings show that product ownership is not necessarily followed by substantial understanding, so it is different from some views that place product access as the main indicator of participants' financial readiness.

This condition is in line with the spirit of consumer protection in Law Number 40 of 2014 concerning Insurance and the provisions of the Financial Services Authority which emphasizes the importance of transparency of product information to the public. The practical implications of these findings are the need to simplify product communication as well as mapping the needs of Participants before the bidding process is carried out.

Participants' Perception of the Benefits of Sharia Insurance Products

The findings of the study show that the benefits of sharia insurance products are perceived by Participants in two main forms, namely actual benefits and latent benefits. Actual benefits arise when the informant or his family actually experiences certain risk events, then obtains financial support from the insurance product owned. In situations like this, the benefits of the product are felt concretely and directly, thereby strengthening the Participant's belief in the protection function of sharia insurance. This is as conveyed by one of the informants:

> *"At that time I was hospitalized, and the hospital cost was quite large, but because there was insurance, it was very helpful. From there I really felt the benefits."*

Meanwhile, the latent benefits are felt by informants who have never filed a claim, but still view sharia insurance products as a form of financial preparedness. In this group, insurance is understood as a reserve or anticipation against future uncertainty. Although the benefits have not been experienced directly, the existence of the product still provides a sense of security and psychological calm. This can be seen from the following informant's statement:

> *"I've never claimed it, but I feel calmer because there's protection in case anything happens."*

This shows that the benefits of sharia insurance do not always have to be proven through the occurrence of claims, but can also be present in the form of peace of mind or a sense of peace of mind because they have protection.

If examined further, the benefits felt by informants can be mapped in four dimensions. First, economic benefits, namely protection against large expenses that arise unexpectedly. This is reflected in the experience of informants who stated:

> *"If there was no insurance at that time, maybe I would have to take my own savings, and even borrow money."*

Second, psychological benefits, namely a sense of calm because there is protective support in case of risk, as expressed by the informant:

"What I feel is not only to help with costs, but to be calmer because there is already protection."

Third, the benefits of planning, namely the emergence of an encouragement to think more about risk management and family protection. One of the informants said:

"Since I had insurance, I have become more mindful of financial planning, especially for my family."

Fourth, the normative-sharia benefits, namely satisfaction because of using products that are believed to be more in accordance with religious principles. This can be seen from the following informant's statement:

"I chose the sharia because it is more religiously calm, so it's not only about benefits but also beliefs."

These four dimensions appear to different levels in each informant, but overall show that the benefits of the product are not only financial.

These findings also show that the perception of benefits is strongly influenced by actual experience, the quality of product explanations, and the level of understanding of participants. Informants who have experienced direct benefits through claims tend to have more positive and more concrete perceptions. On the other hand, informants who have never filed a claim and have not understood the product in depth are more likely to see contributions as routine expenses that do not necessarily feel the benefits, as stated by one of the informants:

"Sometimes it still feels like regular payments, because I've never felt the benefits firsthand."

This emphasizes that the true benefits of the product do not stand alone in the design of the product, but are also shaped by the experience and interpretation of the product's function.

From an analytical point of view, the benefits in this study serve as a bridge between products and financial stability. The right type of product will not automatically contribute to financial resilience if the benefits are not understood or clearly felt. Conversely, when Participants are able to read the benefits of the product either in actual or latent terms, sharia insurance products are more likely to be placed as an important part of household risk management strategies.

The second finding related to the formulation of the problem regarding benefits shows that the benefits of sharia insurance are interpreted by the Participant in two main forms, namely actual benefits and latent benefits. Participants who have made claims or received real coverage tend to have stronger, more concrete, and more positive perceptions of benefits. On the other hand, Participants who have never made a claim can still view the product as something useful, but the benefit is more anticipatory and psychological, namely as a sense of security or reserve protection for the future. This shows that the benefits of sharia insurance are not solely measured by the occurrence of claims, but also by the ability of the product to form calmness, confidence, and financial readiness, and even emphasized that the perception of benefits plays a mediator between knowledge and actual stability.

These findings are also in line with research on the perception of benefits in takaful adoption which emphasizes the importance of perceived value and trust in shaping participants' decisions and satisfaction. Nevertheless, the study adds that benefits not only serve as a factor of adoption, but also as a factor for the sustainability of product use in the context of individual financial stability.

This study also revealed that the perception of benefits is not always strongly formed in all participants. This is especially the case when the Participant has not understood the product in depth or has never felt the actual benefits. In situations like this, contributions or premiums are easier to view as a burden than protection investments. Therefore, the solution needed is to strengthen benefit communication that is more concrete, transparent, and experience-oriented.

Companies need to provide realistic benefit illustrations, protection simulations, case examples, and explanations of the claim process and the value of protection that Participants can receive. This strategy is important so that benefits do not stop as normative promises, but can be read as real functions of the product. In this finding, it is known that product information tends to be technical and promotion-centric, not yet educational enough, so the need for more applicable benefit communication is very important.

These results expand on previous research that generally placed benefits as a factor in purchasing decisions, as this study shows that benefits also play a role in the sustainability of product use. In terms of regulations, the delivery of clear and non-misleading product benefits is part of the principle of consumer protection as regulated in the provisions of the Financial Services Authority. The implication of these findings is that companies need to strengthen benefit education through real-case illustrations, claim simulations, and benefit explanations that are easy for participants to understand.

Sharia Financial Literacy Participants

The findings of the study show that the level of sharia financial literacy of the participants is still varied and uneven. Some of the informants have a fairly good understanding of the basic principles of Islamic finance, such as the prohibition of usury, the concept of tabarru', the spirit of helping, and the general difference between sharia and conventional insurance. This is reflected in the statement of one of the informants who said:

> *"I know that sharia does not use usury and the concept is to help each other between participants."*

However, most of the other informants still understand sharia products at a more general level, namely to know that the product is "more Islamic" or "usury-free", without understanding the mechanism and contract in more detail. As other informants revealed:

> *"I'm going to go with the Shari'a because it's more suitable, but if you ask me if it's a contract, I don't really understand it."*

From the results of the interviews, the informant's sharia financial literacy can be grouped into three levels. The first level is symbolic literacy, which is when the participant knows that the product used is a sharia product, but has not understood further how the sharia system works in it. This can be seen from the informant's statement:

> *"The important thing for me is that this is sharia, so it's calmer, even though I don't understand the details yet."*

The second level is conceptual literacy, which is when the Participant begins to understand general principles such as non-usury, help-help, and the existence of a certain separation between the participant's funds and the company's management. One of the informants stated:

> *"As far as I know, participant funds are separated from company funds, so the management is different. I think that's what makes it different from conventional*

insurance."

The third level is operational literacy, which is when the Participant is able to understand the contract, fund management flow, claim mechanism, and product characteristics in more depth. As conveyed by the following informant:

"When it was explained, I was told about tabarru' and the system, so I pretty much understood how it works."

The results showed that the majority of informants were at the symbolic and conceptual level, while the operational level was only owned by a small number of informants.

This condition shows that the use of sharia products has not always been supported by solid literacy. For some informants, sharia identity functions more as moral and religious legitimacy, but it is not yet fully the basis for a technical understanding of the product. This is also reflected in the informant's statement which conveys:

"The important thing is that according to sharia first, I leave the technical matters to the insurance company."

On the one hand, this shows the strong normative appeal of sharia products. However, on the other hand, this condition also indicates that there is considerable space for companies and industry players to strengthen the literacy of participants so that they do not stop at the symbolic level.

Informants who have higher literacy appear to show more mature decision-making patterns. They tend to be more able to relate product choices to protection needs, better understand the actual and potential benefits of the product, and are better able to explain the reasons why sharia products are chosen. As one of the informants revealed:

"I chose this product not only because it is sharia, but also because it suits the protection needs of me and my family."

In contrast, informants with low literacy tend to rely on explanations on agents or other people's experiences. This can be seen from the following informant's statement:

"I only follow the explanation more from the agent, because I myself don't really understand the details."

This shows that Islamic financial literacy serves as a basis that strengthens the quality of the relationship between products, benefits, and financial decisions.

Overall, these findings confirm that Islamic financial literacy in this study is not just additional knowledge, but an interpretive foundation that helps participants translate the type of product in a real protection function. The better the literacy they have, the stronger the Participant's ability to view sharia insurance products as a strategic instrument to maintain personal and family financial stability.

The third finding answers the formulation of the problem of Islamic financial literacy, showing that most of the participants are still at the basic to intermediate literacy level. Some informants already understand general principles such as non-usury, help-help, and sharia identity of products, but do not understand the mechanism of contracts, fund management, or technical differences with conventional insurance. These findings are very important because they show that sharia literacy in practice is not always operational. Many Participants have accepted the normative legitimacy of sharia products, but have not yet arrived at the mastery of the substance. This is emphasized as the main limitation, namely sharia literacy which is still limited but still has a strong influence on the quality of financial decision-making of participants.

This finding also strengthens the results of previous research that shows that Islamic financial literacy has an effect on the use of Islamic financial products, but this study emphasizes that the quality of literacy in question is not only at the level of knowledge, but also in the applicability to understand and use products appropriately.

Based on these findings, the solution that needs to be offered is to strengthen Islamic financial literacy that is applicable and sustainable. Literacy is not enough to be given in the form of conceptual definitions or religious slogans, but should be directed at the Participant's ability to understand how the product works, what contracts are used, how protections are provided, and what the implications are for their financial decisions. Literacy programs should be differentiated according to the profile of participants, such as new participants, old participants, participants who have never made claims, and participants who use asset protection products. This approach will be more effective than general literacy which is uniform. These findings answer the need for a more structured, needs-based, and two-way literacy strategy.

This finding is in line with various previous studies that affirm that Islamic financial literacy has an effect on the use of Islamic financial products, although in this study it can be seen that the literacy of participants is still dominated at the elementary to intermediate level. This is also relevant to the Indonesian National Strategy for Financial Literacy program which encourages increased public understanding of financial service products, including the sharia sector. The practical implication is that a literacy program that is more applicative, sustainable, and tailored to the characteristics of each group of participants is needed.

Individual Financial Stability and the Role of Sharia Insurance

The results of the study show that almost all informants view sharia insurance as an instrument that helps them feel more financially secure. This sense of security mainly arises because of the belief that in the event of an unexpected disaster or financial burden, there is a protection mechanism that can help reduce family economic pressure. This is as conveyed by one of the informants:

> *"With this insurance, I feel calmer. If there is a risk, it does not have to directly interfere with the family's financial condition."*

In this case, individual financial stability in the study is not interpreted solely as an objective condition in the form of income or savings, but also as a sense of security, risk readiness, and sustainability of household financial conditions.

However, the contribution of Islamic insurance to the financial stability of individuals is not felt at the same level by all informants. Informants who choose products with a better understanding, know the benefits, and have a higher level of sharia literacy tend to place sharia insurance as part of their family's financial strategy. In this group, sharia insurance is not only seen as a product, but as a risk management instrument that helps maintain financial resilience. This is reflected in the following informant statements:

> *"I see this insurance as part of my financial planning, so I'm not just participating, but I'm really preparing for the future."*

On the other hand, for informants whose understanding is still limited, the role of Islamic insurance in financial stability tends to be more psychological than strategic. They still feel a sense of security because they have protection, but are not yet fully able to integrate the product into more systematic financial planning. As stated by the informant:

"I feel calmer because I have insurance, but if you say that I am going into financial planning, I haven't gotten there yet."

This shows that the financial stability generated by sharia insurance can be on different spectrums, ranging from emotional-psychological stability to more concrete and planned stability.

From the results of the interviews, the financial stability of individuals in this study can be read through three qualitative indicators. First, a sense of financial security, which is the belief that there is protection when risks arise. This can be seen from the informant's statement:

"The important thing is that if anything happens, I feel that there is already financial assistance."

Second, resilience to shocks, which is the ability to avoid or reduce heavy economic burdens because they already have protection. One of the informants said:

"If there is no insurance, maybe my financial condition is heavier when there is an incident. So this is quite helpful."

Third, regularity in looking at risk management, namely the awareness to prepare protection and think about the sustainability of the household economy. This is reflected in the following informant statements:

"Now I am more aware of the importance of protection, so I don't just rely on savings."

These three indicators do not always appear with the same intensity, but together they shape the way informants interpret financial stability.

Thus, this study shows that sharia insurance does have a strong potential in supporting individual financial stability. However, this potential becomes more effective when supported by a better understanding of the product, positively perceived benefits, and adequate Islamic financial literacy. Financial stability is not an automatic result of policy ownership, but rather the result of the process of understanding and using the product properly.

The fourth finding, which is at the core of the formulation of the research problem, shows that individual financial stability is shaped by the interaction between product type, perceived benefits, and Islamic financial literacy. These results are particularly important because they confirm that there is no single factor that works alone. Understanding the product without clear benefits will result in weak protection psychologically and practically. Benefits without adequate literacy can result in temporary positive perceptions, but they are not necessarily followed by mature financial behavior. Meanwhile, literacy without suitable products is also not enough to build financial stability. In other words, individual financial stability is formed when the three elements are present together and reinforce each other. The findings and results of the study show that these three variables simultaneously play an important role in shaping individual financial resilience.

These findings expand on previous studies that tended to look at relationships between variables partially, by showing that in the context of Islamic insurance, individual financial stability is more precisely understood as the result of dynamic interactions between variables, rather than simple linear relationships.

In this context, the most strategic solution is to build an integrative ecosystem of sharia insurance services, namely services that do not separate between product marketing, participant education, sharia financial literacy, and strengthening the experience of benefits. This means that it is not enough for companies to sell products and wait for claims, but must actively accompany Participants to understand the protection function, be able to assess their benefits, and integrate them into their financial planning. In this phase, the role of the agent becomes very central. However, the dominant role of the agent is not always followed by the accuracy and depth of the product explanation. Therefore, one of the main solutions is to improve the quality of agents so that they act not only as sellers, but also as companions in Islamic financial literacy for Participants.

This study shows that individual financial stability is not formed automatically through policy ownership, so it is different from a partial approach that only assesses product ownership as a measure of financial well-being. These findings are in line with the policy direction of strengthening the national insurance industry which places insurance as an instrument for managing risk and household economic resilience. The implication of the results of this research is that companies need to build a service ecosystem that integrates products, education, agent quality, and participant assistance in a sustainable manner.

Based on the overall findings and discussions, it can be concluded that sharia insurance has a strong potential to support individual financial stability, but its effectiveness is strongly influenced by the quality of interaction between product types, perceived benefits, and sharia financial literacy.

This study shows that the participants are not in a uniform position. Some have a substantive understanding of the product, some understand partially, and some move more at the level of symbolic understanding.

These findings reinforce the concept of financial capability which emphasizes that the quality of an individual's financial condition is not only determined by access to or ownership of financial products, but by the individual's ability to understand and utilize them appropriately. In this context, this study shows that these abilities do not stand alone, but are formed through the interaction between knowledge, beneficial experiences, and the meaning of the Participant to the product.

The most important finding of this study is that the financial stability of individuals is not born from product ownership alone, but rather from a combination of suitable products, clearly legible benefits, and adequate literacy. When these three elements are mutually reinforcing, sharia insurance can function optimally as a protection instrument that helps households face risks and maintain the sustainability of financial conditions.

These findings also expand on the results of previous research that generally looked at the relationship between literacy, product ownership, and financial well-being in part. This research shows that in the context of sharia insurance, the relationship is more interactive and contextual, where the participant's experience and perception of benefits become an important link between knowledge and perceived financial stability.

On the other hand, when one of these elements is weak, the protection function of sharia insurance also becomes less optimal. Products that are not well understood will be difficult to feel the benefits. Benefits that are not clearly read will reduce the value of the product in the Participant's perception. Low literacy will hinder the ability of Participants to place sharia insurance as part of a risk management strategy.

Therefore, this study emphasizes that strengthening the sharia insurance industry needs to be carried out in tandem with strengthening education, communication quality, and assistance for participants so that the benefits of insurance can be felt by participants.

Thus, this synthesis suggests that the main contribution of the research lies in the affirmation that the financial stability of individuals in the context of sharia insurance is the result of an integrative process, not a mechanical result of product ownership. The process involves the interaction between the cognitive dimension (product understanding), the affective dimension (benefit perception), and the normative dimension (Islamic financial literacy) which together shape the financial decisions and behaviors of the Participants.

Thus, the results of the study as a whole have shown that the Participant's experience of sharia insurance is a complex process that involves the dimensions of knowledge, perception, religious values, and financial needs. This complexity is what makes the qualitative approach important, because it is able to reveal how sharia insurance products are really perceived in the participants' financial experience, not just present as a good product category in theory.

Findings and Practical Implications

One of the findings in this study is the large role of agents in influencing participants' initial decisions to use sharia insurance products. In many cases, the agent is the main source of information and the most influential party in explaining the product to the Participant. However, this large role is not always followed by adequate knowledge transfer. The role of an insurance agent is quite dominant, but it is not always accurate in conveying product details. This shows that agents are a strategic point as well as a vulnerable point in the formation of participants' understanding.

These findings are in line with the literature on consumer behavior in financial services that places agents or marketers as key opinion leaders in the product adoption process, as explained in the research on takaful adoption which emphasizes the importance of trust and quality of communication in shaping participants' perceptions. However, the results of this study show that this role not only determines the initial decision, but also affects the quality of the Participant's long-term understanding of the product.

The next finding is that there is still limited sustainable literacy education. The product information that Participants receive tends to be more technical and promotional-centric than educational. As a result, Participant's understanding often stops at general knowledge, rather than on truly substantive understanding. This condition makes some Participants partially understand the product and view the benefits in a limited way. This condition reinforces findings in the Islamic financial literacy literature which states that literacy is not enough to be built through one-way information delivery, but requires a continuous and contextual learning process. The study by Mahdzan et al. (2024) shows that literacy affects the use of Islamic financial products. However, the study adds that without a sustainable educational approach, literacy tends to stop at the symbolic and conceptual levels.

Based on these findings, there are several practical implications that can be proposed. First, companies need to build a more structured, sustainable, and easy-to-understand Participant education strategy. The education should not only be carried out during the initial sale, but also during the membership period through simple materials, benefit simulations, and re-explanations of participants' rights and obligations.

This approach is in line with the concept of financial capability which emphasizes that financial understanding must be built through a continuous process in order to influence financial behavior in a real way. Second, companies need to strengthen the capacity of agents and service officers to not only act as marketing personnel, but also as Islamic finance educators. This is important because the quality of the initial explanation greatly affects how the Participant understands the type of product and assesses its benefits later on. Agent training should emphasize the ability to explain products in simple, accurate, and relevant language to the needs of the Participant. In this context, the role of agents is not only as a sales channel, but also as part of the process of forming participants' financial literacy.

Third, companies need to improve the way they communicate product benefits. Information that is too technical has the potential to not be captured well by Participants, while communication that is too promotional-centric can create unrealistic expectations. Therefore, a narrative approach based on the needs of the Participant and real-life experience examples will be more effective in helping the Participant understand the function of the product. These findings are also in line with research on the perception of benefits in takaful adoption which shows that benefits understood concretely have more influence on the positive perception of participants.

Fourth, regulators and industry players can use the results of this research as a basis to strengthen more applicable Islamic financial literacy. The literacy that people need is not only a normative definition of sharia, but also a practical understanding of how sharia products work, what their benefits are, and how they can protect household finances.

These practical implications show that strengthening the role of sharia insurance in shaping individual financial stability is not enough through the provision of products alone, but must be supported by a sustainable education ecosystem, adequate agent capacity, clear communication of benefits, and applicable sharia financial literacy. If these four aspects are carried out in an integrated manner, then the Participant will not only become a product user, but will also be able to understand, assess, and utilize sharia insurance as a relevant protection instrument for personal and family financial resilience.

CONCLUSION

Based on the results of the research and discussion, it was concluded that participants' understanding of sharia insurance products at PT Sinar Mas Asuransi Syariah remained diverse. Some participants understood the basic functions, protection objectives, and suitability of products for personal and family needs, while others still perceived products primarily through their sharia identity and had not fully understood product features, mechanisms, and differences among available products. The benefits of sharia insurance were interpreted in terms of both tangible and intangible benefits, including financial protection when risks occurred, as well as feelings of security, peace of mind, and preparedness for future uncertainties. Meanwhile, participants' Islamic financial literacy was at a low-to-moderate level. Participants generally understood fundamental principles such as mutual assistance (ta'awun), the prohibition of riba (usury), and general distinctions between sharia-based and conventional products; however, they still had limited understanding of contracts (akad), fund management, protection mechanisms, and other operational aspects. These three dimensions were interconnected in shaping individual financial stability, indicating that policy ownership alone was insufficient without adequate understanding and appropriate product utilization.

Theoretically, this study strengthened the financial capability approach within the perspective of Islamic economics by demonstrating that financial stability is influenced not only by access to financial products but also by individuals’ ability to understand, select, and utilize those products appropriately. Islamic financial literacy functioned as a foundation connecting knowledge, perceived benefits, and experiences of financial stability. This research also showed that the benefits of sharia insurance were multidimensional, encompassing economic functions through financial protection, psychological functions through a sense of security, planning functions in risk management, and normative functions through alignment with sharia values. Practically, PT Sinar Mas Asuransi Syariah should strengthen product education and communication using simple, contextual, and needs-based approaches for participants. Agents should also enhance their role as financial literacy facilitators rather than focusing solely on marketing activities. Continuous education throughout the membership period is necessary to improve participants’ understanding of products, benefits, rights and obligations, and protection mechanisms. From a policy perspective, companies, regulators, and industry stakeholders should encourage more applicable Islamic financial literacy programs and transparent product communication regarding benefits, risks, participant rights, claim procedures, and sharia principles.

Based on these findings, PT Sinar Mas Asuransi Syariah is advised to systematically and continuously improve participant education, not only during the marketing stage but also throughout the membership period. The communication of product benefits should incorporate practical examples related to participants’ daily lives so that they can better understand the relevance of sharia insurance for health protection, education planning, asset protection, and family economic sustainability. Islamic financial literacy programs should also focus on practical understanding, including product mechanisms, contracts (akad), fund management, participant rights, and claim procedures. Furthermore, collaboration among companies, agents, regulators, and communities is required to improve service quality, communication effectiveness, and participant experiences. Future research is recommended to expand research settings, involve more diverse informants, and apply mixed-method approaches to examine more comprehensively the relationships among product understanding, perceived benefits, Islamic financial literacy, and individual financial stability. By strengthening these aspects, sharia insurance is expected not only to function as a financial protection product but also to contribute optimally to individual and family economic resilience and stability.

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