ABSTRACT

The low penetration of Sharia insurance in Indonesia indicates that its substantial market potential has not been accompanied by a high level of public intention to purchase Sharia insurance policies. Existing studies on the intention to purchase Sharia insurance policies have predominantly focused on direct relationships among variables, while the psychological mechanisms underlying these relationships have received limited attention. This study offers a novel perspective by examining the mediating role of trust in explaining the effects of Islamic financial literacy, Sharia compliance, and industry image on the intention to purchase Sharia insurance policies. This study employed a quantitative approach using purposive sampling, involving 210 respondents. The data were analyzed using the Structural Equation Modelling–Partial Least Squares (SEM-PLS) method with SmartPLS 4 software. The results indicate that Islamic financial literacy, Sharia compliance, industry image, and trust have positive and significant effects on the intention to purchase Sharia insurance policies. Furthermore, Sharia compliance and industry image have positive and significant effects on trust, whereas Islamic financial literacy has a positive but insignificant effect on trust. Trust was also found to mediate the effects of Sharia compliance and industry image on the intention to purchase Sharia insurance policies. However, trust did not mediate the relationship between Islamic financial literacy and the intention to purchase Sharia insurance policies. These findings highlight that strengthening trust, supported by strong Sharia compliance and a good industry image, plays a crucial role in enhancing the intention to purchase Sharia insurance policies.

Keywords: *Islamic Financial Literacy; Industry Image; Trust; Intention to Purchase Sharia Insurance Policies.*