

PUBLIC TRUST IN INSURANCE APPLICATION BASED: STUDY CASE IN TEMBILAHAN

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Abstract

The development of digital technology has encouraged the emergence of app-based financial services, including digital insurance. However, the level of public acceptance and trust in app-based insurance remains varied, particularly in areas such as Tembilahan. This study aims to determine and analyze public trust in app-based insurance in Tembilahan and the factors that influence it. This study used a qualitative approach with in-depth interviews and observations of people who are aware of or use app-based insurance. The results show that the level of public trust in app-based insurance is still in the sufficient category. Financial literacy and digital literacy play an important role in shaping public trust, while risk perception, particularly related to data security and clarity of the claims process, are the main inhibiting factors. In addition, ease of use of the application and transparency of services contribute to increasing public trust. This research is expected to be a consideration for digital insurance providers and related parties in increasing public trust in app-based insurance services.

1. INTRODUCTION

Background problem

The development of digital technology has brought significant changes to various sectors of life, including the financial services sector. Advances in information and communication technology have driven the emergence of various digital-based financial service innovations known as financial technology (fintech). One rapidly growing form of fintech is app-based insurance, which allows people to obtain insurance protection more practically, quickly, and efficiently through digital platforms. App-based insurance offers various conveniences, such as a simple registration process, online premium payments, and claims submission without having to visit an insurance office. This innovation is expected to increase financial inclusion and public awareness of the importance of risk protection. However, behind this convenience, new challenges arise, particularly regarding the level of public trust in digital systems that manage personal data and funds. Trust is a key factor in the adoption of digital financial services. In the context of app-based insurance, trust relates not only to confidence in the insurance provider but also to technological security, information management, and the certainty of the claims process. Concerns about data leaks, unclear benefits, and potential difficulties in filing claims have caused some people to remain hesitant about using digital insurance [1].

This situation also occurs in Tembilahan, a region experiencing the development of digital technology. Despite increasing internet access and smartphone usage, public understanding of app-based insurance remains mixed. Differences in financial and digital literacy levels influence public perceptions and attitudes toward these services. Some consider conventional insurance safer due to direct interaction with agents, while app-based insurance is perceived as less trustworthy. In addition to literacy, public perception of risk and experience also influence levels of trust in app-based insurance. The proliferation of information about online fraud and misuse of personal data further exacerbates public skepticism. Furthermore, the lack of public awareness and education regarding the mechanisms and benefits of app-based insurance means the public does not fully understand the protection offered [2].

Therefore, an in-depth study of public trust in app-based insurance is needed, particularly in Tembilahan. This research is crucial for understanding how public trust is formed, the factors influencing it, and the barriers to digital insurance adoption. This understanding is expected to yield recommendations for developing app-based insurance services that are safer, more reliable, and more responsive to community needs.

Problem Formulation

What is the level of trust of the Tembilahan community in application-based insurance?

1. What is the level of trust of the Tembilahan community in application-based insurance?
2. What factors are influence Tembilahan community's trust in the use of application-based insurance?
3. How do financial literacy and digital literacy influence public trust in using application-based insurance in Tembilahan?
4. How do Tembilahan residents perceive risks, particularly regarding data security and the claims process for app-based insurance?
5. What efforts can be made to increase public trust in application-based insurance in Tembilahan?

Research purposes

The objectives of this research are:

1. To determine and analyze the level of trust of the Tembilahan community in application-based insurance.
2. To identify and analyze the factors that influence trust Tembilahan community regarding the use of application-based insurance
3. To analyze the perceptions of the Tembilahan community regarding aspects of data security, ease of use, and the claims process for application-based insurance.
4. To identify the obstacles faced by the Tembilahan community in using application-based insurance.
5. To formulate efforts or recommendations that can be made in order to increase public trust in application-based insurance in Tembilahan.

2. LITERATURE REVIEW

Insurance Based Application

App-based insurance is part of the development of financial technology (fintech), which utilizes digital technology to provide online insurance services. According to Nugroho and Kurniawan (2025), insurance digitalization aims to improve service efficiency, expand market reach, and facilitate public access to insurance products. However, this transformation also presents new challenges, particularly related to public trust and consumer protection [3].

Trust in Digital Financial Services

Trust is a key factor in the adoption of digital financial services. Morgan and Hunt (1994) stated that trust is formed when users feel confident in the integrity, reliability, and commitment of the service provider. In the context of fintech, Gefen, Karahanna, and Straub (2003) explain that user trust is influenced by system security, ease of use, and previous user experience. Prameswari, and Usman (2025) shows that the level of user trust has a significant effect on interest and decision to use fintech services, where the higher the perception of security, transparency, and convenience of the service, the greater the tendency of users to adopt and use digital financial services sustainably[4].

Financial Literacy

Financial literacy is a person's ability to understand and manage finances effectively. According to Lusardi and Mitchell (2011), financial literacy encompasses understanding risk, financial management, and making sound financial decisions. Research by Wasyiah et al. (2025) shows that financial literacy influences the public's level of trust and risk perception towards fintech. People with good financial literacy tend to be more rational in assessing the benefits and risks of digital financial services, including app-based insurance[4].

Digital Literacy

Digital literacy relates to an individual's ability to use digital technology effectively and safely. According to Khairunnisa et al. (2025), digital literacy influences user ability to understand application features and assess the security of fintech services. Research by Aisyah and Wahyuni (2025) states that good digital literacy can increase user trust in application-based financial services because users feel more able to control and understand the system used.

Risk Perception

Risk perception is an individual's subjective view of the potential losses that may occur when using a service. Wijaya and Susilawati (2022) state that risk perception in fintech is generally related to personal data security, the risk of fraud, and transaction uncertainty. This study shows that the higher a user's perceived risk, the lower their level of trust in fintech services, including app-based insurance.

Data Security and Consumer Protection Data security is a critical issue in digital financial services. According to Malhotra, Kim, and Agarwal (2004), user concerns about privacy and personal data security can impact trust and intention to use digital services. Research by Setiawan and Tambun (2025) confirms that good digital security, supported by digital and financial literacy, can increase user trust in technology-based financial services.

Relevant Previous Research

Several previous studies have shown that trust in fintech is influenced by a combination of financial literacy, digital literacy, risk perception, and system security. These studies served as the basis for developing the conceptual framework for this study, particularly in the context of app-based insurance in Tembilahan[5].

Research framework

The conceptual framework in this study was developed to illustrate the researcher's logical and conceptual flow in understanding public trust in app-based insurance in Tembilahan. The development of digital technology has encouraged the emergence of app-based insurance services that offer convenience, speed, and efficiency in accessing insurance services. However, this convenience has not been fully followed by a high level of public trust, especially in non-metropolitan areas such as Tembilahan. Public trust in app-based insurance is understood as the result of an interaction process between public knowledge, experience, and perceptions of digital insurance services. Based on the study of trust theory, risk perception, financial literacy, digital literacy, and technology acceptance, trust is not formed instantly, but is influenced by various interrelated factors. In this study, financial literacy plays a role in shaping public understanding of the concept of insurance, the benefits of risk protection, and the rights and obligations of insurance participants. People with good financial literacy tend to have a more rational understanding of insurance products, so they are more open to trusting app-based insurance services[6].

Digital literacy is a crucial factor in the use of app-based insurance, as it relates to people's ability to operate the app, understand its digital features, and maintain the security of their personal data. A sufficient level of digital literacy will reduce anxiety and increase a sense of security when using digital insurance services. Furthermore, risk perception also influences public trust. High risk perceptions, such as concerns about data breaches, digital fraud, or unclear claims processes, can reduce public trust. Conversely, low risk perceptions will encourage people to be more accepting and trust app-based insurance. Other factors influencing trust are the app's ease of use, data security, and claims transparency. An easy-to-use app, supported by a robust data security system and a transparent claims process, will enhance positive user experiences. These positive experiences will strengthen public trust in app-based insurance[7].

Concept of Main Research Variables

In this qualitative research, variables are understood as the main concepts that form the focus of the study. The main research variables are as follows:

Public Trust

Trust is the public's belief in the reliability, security, and integrity of app-based insurance. Trust is reflected in the public's willingness to use or accept digital insurance services.

Financial Literacy

Financial literacy is the level of public understanding of basic financial and insurance concepts, such as insurance benefits, premium systems, and claims mechanisms.

Digital literacy

Refers to the ability of people to use digital technology, especially financial applications, effectively and safely.

Risk Perception

Risk perception is the public's subjective view of potential losses that may arise from using application-based insurance, such as the risk of data leaks and uncertainty of claims.

- Ease of Use and Transparency of Services
- This concept includes ease of use of the application, clarity of product information, as well as transparency of claims procedures and data protection.

Research Framework Flow

Framework Flow This research is structured systematically as follows

1. Research Phenomenon

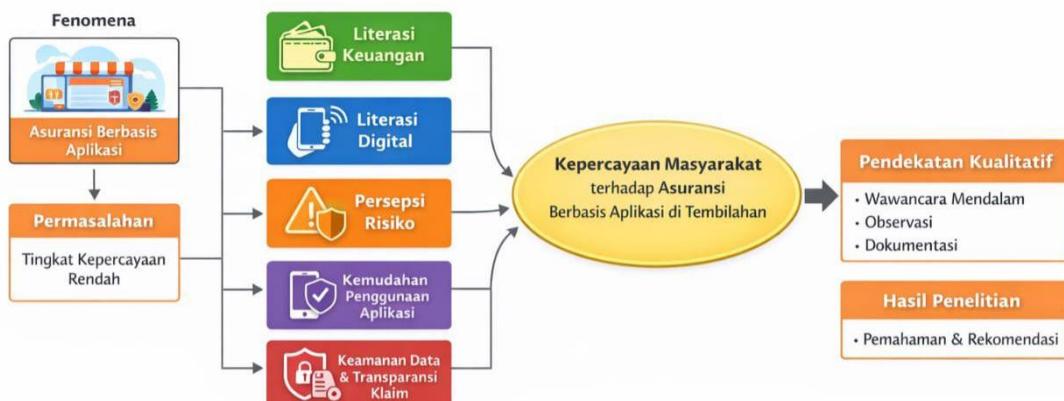
2. The development of application-based insurance in Tembilahan has not been fully accompanied by a high level of public trust.
3. Identification Problems Emerge public doubts about the security, understanding, and clarity of digital insurance services.
4. Focus Determination Focus Research on public trust in application-based insurance and factors which influence it.
5. Data Collection
6. Data collection was carried out through in-depth interviews and observations of the community in Tembilahan.
7. Analysis Data
8. Data were analyzed qualitatively to identify patterns, meanings, and relationships between research concepts.
 - Drawing Conclusions
 - Conclusions are drawn up based on research findings that describe the level of public trust and supporting factors and experiences.

Research Output

The expected outputs from this research are:

1. Overview of Public Trust Level
2. Providing an understanding of the level of public trust in application-based insurance in Tembilahan
3. Identify the Factors that Influence Trust
4. Identifying the role of financial literacy, digital literacy, risk perception, and ease and transparency of services.
5. Practical Recommendations
6. Providing recommendations to digital insurance providers and related parties to increase public trust.

Figur 1. Research Framework



Source: Processed by Researchers, 2025

Research Proposition

Public trust in application-based insurance in Tembilahan is influenced by financial literacy, digital literacy, perceived risk, ease of application use, and data security and claims transparency. Public financial literacy influences the level of public trust in application-based insurance in Tembilahan. Community digital literacy influences the level of public trust in application-based insurance in Tembilahan. Public risk perception influences the level of public trust in application-based insurance in Tembilahan. Ease of use of the application influences the level of public trust in application-based insurance in Tembilahan. Data security and transparency of the claims process influence the level of public trust in application-based insurance in Tembilahan. Affirmation of the Qualitative Approach. The hypotheses or propositions of this research are not tested statistically, but rather explored and understood in depth through:

1. In-depth interviews

2. Observation
3. Documentation The goal is to understand how and why these factors influence public trust.

4. RESULTS AND DISCUSSION

Result

Level of Public Trust in Application-Based Insurance

The research results show that the level of public trust in app-based insurance in Tembilahan remains moderate. Some informants expressed interest in using digital insurance due to the ease of access and flexibility of service. However, others remained skeptical and lacked full trust. This hesitation was generally driven by a lack of understanding of how app-based insurance works and a lack of direct experience using the service. **Public**

Financial Literacy

Financial literacy is a crucial factor in building public trust. Informants who understand basic insurance concepts, such as coverage benefits, premium systems, and claims mechanisms, tend to have higher levels of trust in app-based insurance. On the other hand, people with low financial literacy tend to view insurance as an additional cost burden and feel doubtful about the benefits it offers.

Community Digital Literacy

The research results show that people's digital literacy influences their comfort and trust in using app-based insurance. Informants who are accustomed to using digital apps find it easier to understand the available features and have greater trust in digital services.

However, people who are less familiar with digital technology have reported difficulties in operating the application, raising concerns about misuse and potential fraud[8].

Risk Perceptions of Application-Based Insurance

Perceived risk is a dominant factor influencing public trust. The most frequently feared risks are personal data leaks, online fraud, and the unclear claims process. The lack of physical offices and direct interaction with insurance officers makes some people feel less secure than with conventional insurance[9].

Ease of Use of Application and Transparency of Service

Ease of use and transparency of service are key factors in building public trust. Informants who have used app-based insurance stated that the app's simple interface and clear information contribute to increased user experience. Transparency regarding claims procedures, disbursement times, and personal data protection are considered crucial in building and enhancing public trust in app-based insurance[10].

Discussion

Public Trust in Application-Based Insurance.

Based on research results, public trust in app-based insurance in Tembilahan remains at a moderate level. This condition indicates that the public is not yet fully ready to accept digital insurance services optimally. This weak trust is influenced by the public's limited experience and the limited information they have about how app-based insurance works. This finding aligns with trust theory, which states that trust is formed through experience, consistency of service, and clarity of information received by users.

1. The Influence of Financial Literacy in Shaping Trust

Financial literacy plays a crucial role in building public trust. People who understand basic insurance concepts tend to be more rational in assessing the benefits and risks of app-based insurance. This understanding helps people feel more secure and confident in making decisions. Conversely, low financial literacy leads to negative perceptions of insurance, which in turn impacts their level of trust in digital insurance services.

2. The Role of Digital Literacy in the Use of Application-Based Insurance

Digital literacy impacts people's ability to access and use insurance applications. People with good digital literacy levels more easily understand application features, thus increasing trust in digital services. However, for people with limited digital literacy, application use can actually be a barrier. This raises fears of misuse and the risk of fraud, ultimately lowering trust.

3. Risk Perception as a Factor Inhibiting Trust

Perceived risk is a major inhibiting factor in building public trust. Concerns about personal data leaks, unclear claims processes, and the possibility of online fraud cause people to be more cautious.

These findings suggest that high risk perceptions may hinder the acceptance of app-based insurance, especially in areas still accustomed to conventional financial services.

4. Ease of Use and Transparency of Services

Ease of use and transparency of services play a key role in boosting public trust. Easy-to-use applications, along with clear information about benefits, premiums, and claims procedures, can enhance user experience.

Transparency in personal data protection and the claims process is key to building long-term public trust in app-based insurance in Tembilahan.

5. CONCLUSION

Public trust in app-based insurance in Tembilahan remains at a reasonable level, but is not yet fully established. This is influenced by limited public understanding and minimal experience in using digital insurance services. Financial literacy plays a crucial role in shaping public trust in app-based insurance. People who have a good understanding of the concept and benefits of insurance tend to demonstrate a higher level of trust. Digital literacy influences people's comfort and ability to use insurance applications. Low digital literacy is one of the main obstacles to the acceptance of app-based insurance in Tembilahan. Perceived risk, particularly related to personal data security and clarity of the claims process, is a dominant factor that reduces public trust in app-based insurance. Ease of use of the application and transparency of services, especially in the claims process and data protection, are key supporting factors in increasing public trust in app-based insurance.

6. SUGGESTION

1. For App-Based Insurance Providers

Digital insurance providers are advised to increase information transparency, particularly regarding the claims process, personal data protection, and policy provisions, to increase public trust.

2. For the Government and Related Authorities

The government and the Financial Services Authority (OJK) are expected to strengthen oversight and conduct more intensive outreach to the public regarding the legality and security of app-based insurance.

3. For the Community

The public is advised to improve their financial and digital literacy to better understand the benefits, risks, and mechanisms of app-based insurance.

4. For Educational Institutions

Educational institutions are expected to play an active role in providing education related to digital finance and insurance through seminars, training, or financial literacy programs.

5. For Further Researchers

Further research is recommended to expand the research objects and areas, and use quantitative or mixed methods to obtain more comprehensive results regarding public trust in digital insurance.

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