Better Safe than Sorry: The Intention of Indonesian on Purchasing Sharia Financing Insurance-Layoff Risk Product as a Response to The COVID-19 Pandemic

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Abstract- **This research aims to investigate the factors that significantly affect the intention to purchase Sharia financing-layoff risk product among the Indonesian society as a response to the COVID-19 pandemic. A conceptual framework was developed by the review of existing literature with the help of the extended Theory of Reasoned Action (TRA) model. Data were collected from 272 Indonesian Muslim respondents who have long-term liabilities and then analyzed by the SEM-PLS approach. The result revealed that attitude, subjective norm, saving motives, and financial literacy have a significant positive impact on Sharia insurance purchase. However, religiosity and risk aversion motives were found to have no significant impact. Furthermore, attitude and subjective norms play as a mediator between knowledge of COVID-19 and Sharia insurance purchase intention. This research also found that saving motives plays as a mediator between risk aversion motives and Sharia insurance purchase intention. This research provides insights to the Sharia insurance companies, especially to understand the factors that lead the consumers purchase intention during the crisis. Finally, the study conveyed several limitations and offered directions for further research.**

Keywords - **COVID-19, Financing, Layoff Risk, Protection Tools, Purchase Intention, Sharia Insurance, Structural Equation Modelling, Theory Reasoned Action**

I. INTRODUCTION

Human behavior is actually very complex and difficult to understand. Becker and Simon explained that a person's behavior in making decision–including purchasing decision–is formed from their rationality[1], [2]. This concept is known as rational choice theory (RCT) which was later updated with the concept of bounded rationality that proposes consumers will behave according to their capacity in making purchasing decisions. One of which is related to information obtained from an event, such as the experience of the COVID-19 pandemic phenomenon.

Since Coronavirus Disease (COVID-19) discovered in Wuhan, December 2019, society has been 'forced' to live side by side with thevirus. Globally 93.2 million confirmed cases have been reported and the death toll has reached 2 million as of January 17, 2021[3]. The numbers are dreadful and continue to grow until now, becoming an alarm for all human activities in the world, including Indonesia. In Indonesia, the epidemic has grown rapidly since the first local cases were identified in early March 2020, forcing Indonesian government to make policies that can break the chain of virus. President Joko Widodo on March 31st 2020 signed the regulations, namely*Peraturan Pemerintah No. 21 Tahun 2020*[4]concerning the implementation of Large-Scale Social Restrictions (PSBB). However, the implementation of the PSBB or “lockdown” strategy has many impacts, both on social and economic aspects of life. Thatraise concern of economic crises and recessions[5], [6].

Research conducted by UNICEF and AC Nielsen reported by covid19.go.id[7]revealed that the main view of the Indonesian society towards the COVID-19 pandemic is something to be feared because it is harmful to health, infectious, and deadly.The Joshua Fund together with Mclaughlin & Associates [8]surveyed the US public's view of the COVID-19 pandemic. 44% of respondents think that the COVID-19 crisis is a sign that people should return to God or a "coming judgment and wake-up call". Based on facts from data by the Pew Research Centre, Indonesia is a country that has the highest level of religiosity. Therefore, the demand for the halal industry is projected to increase after the pandemic ends since the industry had recorded a growth of 3,2% which higher than global economic growth of 2,3%. This is a momentum to be able to further encourage the business operators to work on halal products and services industry [9].

Meanwhile in the economic aspect, data released by the Ministry of Finance in 2020 showed that the implementation of the PSBB and New Normal policies hit various economic sectors and caused a multiplier effect[10]. Many business sectors have stopped, which means more unemployment. Data from the*Badan Pusat Statistik*[11]as of August 2020 showed that 29.12 million people of working age were affected by the COVID-19 pandemic with the number of layoffs (PHK) due to the COVID-19 pandemic amounting to 2.56 million people

ISBN*: 978-623-92201-2-9*

accumulating high levels of open unemployment to 9.7 million people. On the other hand, data from the*Otoritas Jasa Keuangan*[12]shows that there was an increase in the ratio of Non-Performing Loans at Commercial Banks in Indonesia from 2.77 in the first quarter of 2020 to 3.14 in the third quarter.Most of the bank lending is still channelled to non-business sectors in the household sector, where mortgages and vehicle ownership loans dominate the total household loans. In the same context,Messai and Jouini[13]explained that the unemployment rate is one of the macroeconomic determinants that can affect the NPL ratio. The increase in the unemployment rate and the banking NPL ratio are complemented bythe increasing trend of poverty rates in Indonesia[14].

The increase in poverty when economy slow down as a result of the COVID-19 pandemic is closely related to how people can manage their finances or in other words their financial literacy[15]. Data from OJK [16]shows there was an imbalance between the level of financial literacy and financial inclusion. This implies that although access to financial institutions, products, and services is widely available,the community are still lack of knowledge and skills regarding their financial management. Hence, they do not have financial risk mitigation tools to face the unexpected conditions, such as the COVID-19 pandemic, which makes them potentially lose their jobs due to layoffs. This is exacerbated when they have ongoing long-term obligations. Therefore, this condition has shown how important the presence of a financial risk mitigation tool, namely the layoff risk credit insurance [17].

In Indonesia, as a business that sells trust, the insurance industry is currently in crisis. Starting from declining trust, high claims rates due to the COVID-19 pandemic, and cases of failure to pay their policyholders. Furthermore, conventional insurance practices are prohibited in Sharia perspective since it involves interest(*riba*), uncertainty(*gharar*), gambling(*maysir*), and other forbidden elements[18]. Thus rationally, the alternative of the conventional layoff risk credit insurance especially for the Muslim community is Sharia financing insurance-layoff risk product.

The potential of the insurance industry in Indonesia is very large[19]. The COVID-19 pandemic has also increased public awareness of personal and family protection products[20]. Indonesia is a dream market because the insurance penetration rate is still very low, around 2%[21]. OJK statistics as of November 2019, showing that the penetration of sharia insurance compared to GDP is very low, in the range of 0.1%[16]. With a population of 270 million people, with 87.2% of the Muslim population[22,23], Indonesia will become a big market for takaful to grow and shine.

Based on these facts, the researcher suspects that the purchase intention of the Indonesian Muslim community towards Sharia insurance products is high, especially Sharia Financing Insurance-Layoff Risk products.One of theory that can explain an individual's purchase intention is the Theory of Reasoned Action (TRA).Nomi &Sabbir[24]have examined the factors that significantly influenceconsumers' purchase intentions for insurance through the Extended Theory of Reasoned Action framework, which include attitude, subjective norms, risk aversion motives, saving motives, financial literacy, and religiosity. The research was applied to the Bangladeshi society and their intentions towards life insurance products. Furthermore, Han et al. [25] proved that the individual's perceived knowledge of COVID-19 can affect the construct of the Theory of Reasoned Actionwhich in turn can also affect aindividual's intentions in the service sector. However, the literature that discusses individual's purchase intentions for Sharia Financing Insurance-Layoffs Risk product is still scanty, especially in responding to the crisis due to the COVID-19 pandemic in Indonesia. Therefore, based on the aforementioned background, this study aims to address the mentioned research gaps and will identify how the Indonesian Muslims preference in mitigating financial risks in the future as a lesson of the COVID-19 pandemic.

II. LITERATURE REVIEWS AND HYPOTHESES DEVELOPMENT

A. *Sharia Financing Insurance - Layoff Risk Product*

This product is present as a Sharia-based financial risk mitigation tool that can guarantee the risk of financing congestion or default as a result of work termination (PHK) experienced by participants [26]. In Indonesia, the practice of sharia partnerships has been widely issued Sharia insurance companies or Sharia Business Units (UUS). In practice, participants' contributions are collected into a non-saving product system or in other words purely based on the principle of mutual help or *tabarru'*[27]. Each contribution paid by the participant will be entered into the *tabarru'* account and managed by the Sharia insurance company according to the contract or *akad*, such as the *tabarru'* contract, *wakalahbilujrah* contract, or *mudharabah* contract. The funds in the *tabarru'* account will be placed in Islamic financial instruments and if there is a profit, the profit will be distributed according to the agreement after deducting other required costs. If the participant submits a claim due to layoffs, the amount of coverage that can be charged to the Sharia insurance company is as high as the amount of the debit balance of the financing guaranteed in the insurance policy immediately before the risk occurs.

B. *Rational Choice Theory and Bounded Rationality*

Several theories of consumer bahavior have been developed in attempts to explain what factors that influence consumers to make choices. One of them is Rational Choice Theory (RCT) which postulates that consumers actually try to maximize their utility by considering all costs and benefits of the available alternatives [28]. In this theory, consumers are assumed to have adequate knowledge and information. However, Winston [29]criticised that the choices made by consumers are not always perfectly rational because it requires a lot of resources, such as time and energy in the process of gathering information and it is quite difficult to achieve in real conditions. Therefore, Simon [2] updated this theory by adding the context of 'bounded rationality' to answer the limitations of the classical theory. Bounded rationality explained that humans will only behave rationally according to their capacity to solve complex problems by analyzing certain trade-offs conditions. Orquin& Loose [30] argued that the bounded rationality model can optimize a person's decision-making.

C. Extended Theory of Reasoned Action

Fishbein & Ajzen [31] introduced the Theory of Reasoned Action (TRA) which postulates that anindividual's intention to adopt certain behavior is predicted by an individual's attitude towards the behavior, and the influence of significant others (for example, family, friends, and colleagues). Chuah et al. [32] argue that TRA is one of the original theories in behavioral psychology. TRA has also practically proven in explaining behavior related to financial decision making that involves planned and rational decisions. In the same context, previous research showed the robustness of two basic TRA variables in explaining individual acceptance of Sharia insurance [33,34], acceptance of *qarḍḥasan* financing [35], intention to donate cash waqf [36], and decisions to take home financing [37].

Classical TRA is only able to predict behaviors that are under an individual's internal control, such as attitudes and subjective norms [38]. While Dharmesta&Handoko[39] explained that there are three classifications that influence consumer behavior i.e., internal factors, external factors, and the decision-making process of consumers. Based on this, external motives have not been fully captured by the classical TRA framework. Therefore, Ajzen [40] complementary suggested an extension of the classical TRA model to strengthen the explanatory ability of the theory. One of the classic TRA expansion frameworks introduced by Nomi &Sabbir[24] is the Extended Theory of Reasoned Action by adding four other latent variables, namely risk aversion motives, saving motives, financial literacy, and religiosity. Furthermore, Han et al. [25] explained that perceived knowledge of COVID-19 had a significant influence on attitudes and subjective norms in researching American intentions to travel to safer destinations after the COVID-19 pandemic. This framework is also recommended by Han & Hyun [41] and Olya& Han [42] where perceived knowledge can be incorporated into the TRA framework.So that the framework of this research model that has been adopted and modified from the two previous studies is as follows:

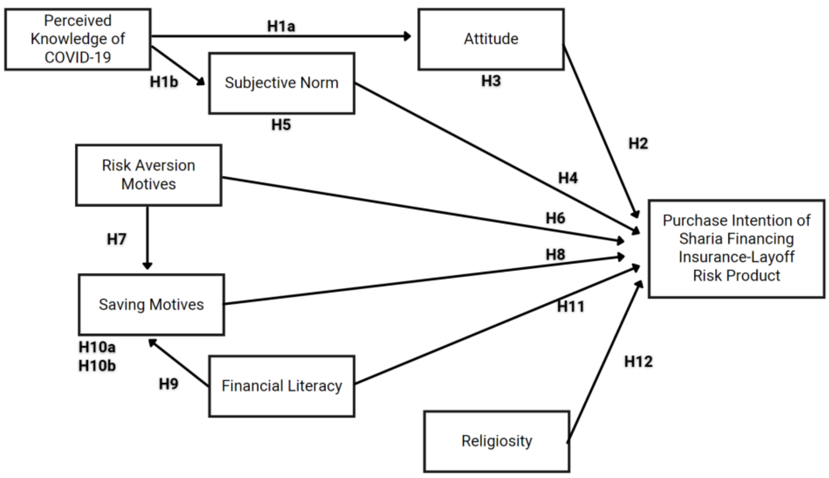

Fig. 1.Proposed Research Model

This model is a replication and modification of research by Nomi &Sabbir[24] and Han et al. [25]. The added perceived knowledge of COVID-19 variable is very relevant as well as being a research gap between this study and previous research. The researcher wants to investigate whether the Extended Theory of Reasoned Action framework affects the purchase intention of sharia insurance products, in this case the Sharia Financing Insurance-Layoff Risk product.

D. Perceived Knowledge of COVID-19 (KC)

In particular, the TRA framework does not consider the effect of individual perceived knowledge which is considered important in explaining the purchasing decision-making process, especially for safe or risky products [42]. In this study, the perceived knowledge of COVID-19 refers to consumers' cognitive assessments of their ability to recognize and understand COVID-19 and how it impacts humans[25]. Individuals will tend to reduce the possibility of uncertainty or risk by not practicing an action when their knowledge about a particular action is insufficient. Previous studies showed that individuals' perceived knowledge is an important determinant of attitude and social variables in the formation of their decisions and behavior[41,43,44]. Han et al. [25]provedthatperceivedknowledge of COVID-19 have significant and positive affects individual attitudes and subjective norms in terms of seeing people's intentions towards the service sector. In line with this evidences, people who have knowledge regarding the impact of COVID-19 will also be able to see the benefits provided by Sharia Financing Insurance-Layoff Risk product which then underlies purchase intentions [45].Therefore, the hypothesis is:

H1a: Perceived knowledge of COVID-19 has a significant and positive effect on attitudes toward behavior

H1b: Perceived knowledge of COVID-19 has a significant and positive effect on subjective norms

E. Attitude toward Behavior (AT)

The Theory of Reasoned Action [31] conceptualize attitudes toward a behavior as a significant predictor of individual behavior or intentions. An attitude can be defined as an individual's approach to react positively or negatively to an item, person, institution, incident, or another distinguishable characteristic of human life [40]. Fishbein & Ajzen[31]explained that an individual's attitude is determined by beliefs about the results or consequences that will occur after behaving (behavioral beliefs) and how the individual evaluates or reacts positively or negatively to these consequences (outcomes evaluation). The benefits provided by the Sharia Financing Insurance-Layoff Risk product can then shape the beliefs and attitudes of the community, especially debtors who are or are about to apply for financing. Ulbinaitė&Kučinskienė[46] report that there is a relationship between positive consumer attitudes towards interest in using non-life insurance products. In another study, attitude was reported as a significant positive determinant of *qarḍḥasan*financing [35], Islamic home financing [47], bank deposit disbursement[48], and acceptance of Sharia insurance [33,34,49–53]. Therefore, based on the fundamental logic of TRA and the research above, this study hypothesizes that:

H2: Attitude toward behavior has a significant and positive effect on a person's purchase intention on Sharia Financing Insurance products (Risk of layoffs)

An individual's attitude or reaction to a behavior is based on the level of knowledge felt by the individual. Then, this attitude will immediately determine individual decision-making and behavior [44,54,55]. The attitude variable was found to have a significant role as a mediator between the individual's perceived knowledge about COVID-19 and the intention to service sector[25]. In other contexts, the attitude has also been shown to be a significant mediator between individual knowledge related to finance and investment behavior intentions [56]. Therefore, the researcher formulates the hypothesis as follows:

H3: Attitude toward behavior significantly mediates the relationship between perceived knowledge of COVID-19 on a person's purchase intention on Sharia Financing Insurance products (Risk of layoffs)

F. Subjective Norms (SN)

Subjective norms are defined as individual perceptions of how people around them (i.e.family, relatives, close friends, religious organizations) think that they should or should not perform certain behaviors[31,57]. Subjective norms control behavior that is triggered by a desire to act (motivation to comply) as other people think one should act (normative belief). Summers et al. [58] proved that subjective norms have a significant effect on individual purchase intentions. This statement is supported by the findings of Krajaechun&Praditbatuga[59] that subjective norms also have a significant influence on the purchase intention of Thai people, especially those who live in Bangkok and its surroundings for general insurance products (non-life insurance). Subjective norms were also found to significantly influence the intention to adopt Sharia insurance among workers in Pakistan [49]. Therefore, the proposed hypothesis is:

H4: Subjective norms have a significant and positive effect on someone's purchase intention on Sharia Financing Insurance products (Risk of layoffs)

In addition, the knowledge perceived by the individual also acts as an important determinant of the formation of social aspects or in other words is a subjective norm. Subjective norms that are formed will then affect individual intentions and decision making [55,60,61]. Han et al. [25]foundthat subjective normssignificantlymediate the relationshipbetweentourists' perceivedknowledge of COVID-19 and intentions in the service sectorthatoffer protection or security.Based on these findings, the researcher formulated the hypothesis:

H5: Subjective norms significantly mediate the relationship between perceived knowledge of COVID-19 on a person's purchase intention on Sharia Financing Insurance products (Risk of layoffs)

G. Risk Aversion Motives (RA)

Bodie et al., [62] explained that one of the risk profiles of a person in investing is risk averse or someone who avoids investing in risky instruments. Purchasing insurance is motivated by the assumption that individuals avoid risk or have a risk averse profile [63]. Referring to the Rational Choice Theory, the risk aversion motive as one of the reasons for purchasing insurance is included in a rational decision [64]. Schlesinger [65] stated that someone who has a high probability of risk, for example the risk of layoffs that occur during a crisis, tends to have a high level of risk aversion. Individuals with a risk aversion motive will always choose a lower risk [66,67], which indicates an individual's propensity to purchase an insurance [24,68–70].In line with this, in this study the following hypotheses were put forward:

H6: Risk aversion motives have a significant and positive effect on a person's purchase intention on Sharia Financing Insurance products (Risk of layoffs)

H. Saving Motives (SM)

Associated with a complex socio-psychological process [71], saving is an activity of setting aside some stored assets for future expenditure [72], retirement [73], or as a legacy [74]. Previous research identified several motives for saving, including saving for emergencies such as illness or loss of job[75]. Based on these statements, it can be seen that all of the mentioned saving motives are related to the individual's tendency to avoid risk in the future [24]. Therefore, the following hypothesis was formulated by the researcher:

H7: Risk aversion motives have a significant and positive effect on saving motives

Insurance facilitates security and encourages saving behavior [76] by offering various types of investment-related policies [77].Hodula et al. [78] also states that investment activity from premium funds or contributions collected by insurance participants reflects the motive for saving. There are four main aspects of the saving motive, namely the precautionary motive [79], the inheritance motive [74], life cycle events [73], and accumulation of wealth or in other words the profit motive [80]. The Sharia Financing Insurance product provides protection against the economic condition of participants from the risk of financing default if the participant is laid off. On the other hand, debtors who have obligations may want to leave their assets voluntarily to their families or even debtors may be worried if their families are unable to pay the remaining obligations and will later be forced to surrender assets [81]. Previous study conducted in Malaysia identified saving motives as a significant and positive determinant of demand for Sharia insurance products [82,83]. Nomi&Sabbir[24]furtherfoundthat the saving motive has a significant and positive effect on the purchase intention of insuranceproducts in Bangladeshi society.In line with this, the researcher proposes the hypothesis:

H8: Saving motives have a significant and positive effect on a person's purchase intention on Sharia Financing Insurance products (Risk of layoffs)

Financial literacy is very important for sound financial decision making [84,85]. Theoretically, financial literacy refers to an efficient financial plan and is reflected in savings, maintenance, and the appropriate distribution of individual wealth for life in retirement or when individuals no longer have sources of income [82,84]. Previous research has described the significant and positive impact of financial literacy on wealth accumulation [86], investment [87–90], as well as individual saving behavior [91,92]. Therefore, the next hypothesis formulated by the researcher is:

H9: Financial literacy has a significant and positive effect on saving motives

Nomi & Sabbir[24]further show another important finding that saving motives play a significant role as a mediator between two variable relationship paths, namely between risk aversion motives on purchase intention and between financial literacy on purchase intention. This implies that individuals who have a risk aversion motive or a high level of financial literacy will have the intention to buy life insurance because the insurance can be one of their financial protection tools, namely in terms of saving. Therefore, the two hypotheses formulated regarding the role of the saving motive as a mediator are:

H10a: Saving motives significantly mediate the relationship of risk aversion motives to a person's purchase intention on Sharia Financing Insurance products (Risk of layoffs)

H10b: Saving motives significantly mediate the relationship of financial literacy to a person's purchase intention on Sharia Financing Insurance products (Risk of layoffs)

I. Financial Literacy (FL)

In Indonesia, the *Otoritas Jasa Keuangan*[16]defines financial literacy as all forms of knowledge, skills, and beliefs that can influence individual attitudes or behavior in improving the quality of decision making and financial management to achieve prosperity. It is said that individuals with lower financial literacy will tend not to accumulate wealth and do not plan for retirement [84]. In line with this statement, Shafii[93] also concluded that the higher a person's level of financial literacy, the higher his tendency to participate in financial planning activities, such as investing in stocks, property, and insurance. Financial literacy is closely related to purchase intention of Islamic insurance products [83]. Thus, in the context of this study, it is hypothesized that:

H11: Financial literacy has a significant and positive effect on a person's purchase intention on Sharia Financing Insurance products (Risk of layoffs)

J. Religiosity (RL)

The intensity of religious belief in a person is referred to as religiosity [94]. The stronger a person's piety and religious zeal, the stronger his belief in God, the higher his religiosity. Fam et al. [95] explained that religiosity not only shapes a person's general behavior but also defines how to live with considerations to maintain religious values and attitudes. Sharia insurance was basically introduced to the public as an alternative to commercial insurance products as opposed to interest (*riba*), gambling (*al-maisir*), and the uncertainty principle (*al-gharar*), which are prohibited in Sharia [18]. Nowadays, it is inevitable that Muslim consumers are required to be more aware and sensitive to the types of products and services they consume in their lives [96]. Therefore, in terms of purchasing insurance, Muslims are more likely to buy Sharia insurance than conventional commercial insurance because it is halal and is the embodiment of *maqashid Sharia* protection. Religiosity has been shown to have a significant influence on new product adoption among Muslim consumers [97], intention to use Islamic bank products [98–100], as well as the intention to purchase Sharia insurance products in Pakistani society [101]. The above study directs this research to propose the hypothesis:

H12: Religiosity has a significant and positive effect on a person's purchase intention on Sharia Financing Insurance products (Risk of layoffs)

III. RESEARCH METHODOLOGY

A. Research Design

This study is included as a descriptive research design, and as data has been collected only once from a group of individuals, so this study is a part of single cross-sectional design.

B. Data Collection and Analysis

Data collection in this study was obtained from primary data in the form of a questionnaire survey. The technique used to measure the differences in aspects in the questionnaire is 1-7 points Likert scale (1=strongly disagree, 7=strongly agree) because it can reflect a more accurate subjective evaluation of the questionnaire items used compared to other Likert scales and its more suitable for questionnaires that are distributed electronically and without the supervision of researchers [102]. Furthermore, the questionnaire will be distributed online via the google form link. Collected data were primarily analyzed by descriptive statistic using SPSS. Then, data was carried out with Partial Least Square-Structural Equation Modelling (PLS-SEM) using SmartPLS 3.0. Researchers chose the SEM method because this method has several advantages, including being able to analyze multivariable better than the usual regression analysis method, being able to analyze various data that do not meet the data normality regression requirements, and suitable for testing existing theories and current theories that recently created [103].The useof SEM has long beenusedand has beenproventobeeffective in researchontheintentiontopurchaseanduse Islamic insurance in Malaysia [49], Pakistan [50]and Indonesia [104]. theuseof SEM in this study isveryrelevant.Furthermore, to analyze the hypotheses, PLS-SEM analysis which performed in SmartPLS consist of 1) descriptive analysis, 2) outer-measurement model analysis, 3) inner-structural model analysis, 4) significance path coefficients-direct effect, and 5) mediation effect analysis.

C. Sampling

The judgmental sampling technique applied by the researcher in this study where it has several advantages such as easy to apply, cost-effective, and fast to select and obtain [105]. In determining the sample size, Ferdinand [90] and Hair Jr et al. [91] designed guidelines for the appropriate sample size used in the SEM method. The number of research samples is at least 5-10 times the indicators on the research questionnaire. In this study, there are 31 questionnaire indicators, which means that researchers must collect a minimum number of respondents of 155 samples. A total of 272 respondent data have been collected, but because there is a screening stage so that respondents meet the research criteria, the selected respondent data that is ready to be processed by researchers is 228. The focus of the respondents in this study was the Indonesian Muslim community who lived in Indonesia and in the last three years (2019-2021) had long-term credit obligations.

IV. RESULTS

A. Descriptive Analysis

In order to describes the demographic profile of the respondents, researcher asked several questions related to the respondent's profile. Researcher also collect other information related to the awareness of respondents to insurance products, both conventional and sharia.

TABLE I
DEMOGRAPHIC PROFILE OF RESPONDENTS

No.	Characteristics		Frequency	Percentage
1.	Gender :			
	-	Male	131	57,4%
	-	Female	87	38,2%
	-	Refusetoanswer	10	4,4%
2.	Age:			
	-	20 - 25 y.o	63	27,6%
	-	26 - 35 y.o	105	46.1%
	-	36 - 45 y.o	34	14,9%
	-	46 - 55 y.o	26	11,4%

TABLE I
DEMOGRAPHIC PROFILE OF RESPONDENTS (CONTINUED)

No.	Characteristics	Frequency	Percentage
3.	Domicile:		
	- Jabodetabekkar	131	57,4%
	- Jawa Non Jabodetabekkar	55	24,1%
	- Sumatera	17	7,5%
	- Kalimantan dan Sulawesi	17	7,5%
	- Bali dan Nusa Tenggara	6	2,6%
	- Maluku dan Papua	2	0,9%
4.	Education:		
	- Tidak Lulus Sekolah	1	0,4%
	- ElementarySchool	0	0%
	- Junior HighSchool	4	1,8%
	- HighSchool	46	20,2%
	- Diploma (D1/D2/D3/D4)	25	11%
	- Bachelor	133	58,3%
	- Postgraduate	19	8,3%
5.	Occupation:		
	- Privateemployees	125	54,8%
	- CivilServants/BUMN/TNI/ABRI	54	23,7%
	- Businessman	34	14,9%
	- Freelancer	7	3,1%
	- Teacher/Lecturer	3	1,3%
	- Professional	3	1,3%
	- Farmer/Fisherman	2	0,9%
6.	MonthlyIncome:		
	- ≤ 10.000.000	140	61,4%
	- 10.000.001 - 20.000.000	49	21,5%
	- 20.000.001 - 35.000.000	17	7,5%
	- 35.000.001 - 50.000.000	9	3,9%
	- > 50.000.000	13	5,7%
7.	MonthlyExpenseforInstallmentPayment:		
	- ≤ 1.000.000	29	12,7%
	- 1.000.001 - 5.000.000	136	59,6%
	- 5.000.001 - 10.000.000	44	19,3%
	- 10.000.001 - 15.000.000	12	5,3%
	- > 15.000.000	7	3,1%
8.	Typeofinstallment/creditownedbyrespondent:		
	- HomeOwnershipLoans (KPR)	81	35,5%
	- Land OwnershipCredit (KPT)	14	6,1%
	- VehicleOwnershipLoans (KKB)	79	34,7%
	- OtherLoanswith>3 Years Tenor (Multipurpose, Business, andOthers)	54	23,7%
9.	Respondent'sCredit/Instalment Financial Institutions:		
	- Conventional Bank	126	55,26%
	- Sharia Bank	41	17,98%
	- Rural Bank	11	4,82%
	- ShariaRural Bank	3	1,32%
	- Multifinance	35	15,35%
	- Online Loans	10	4,39%
	- Cooperative	2	0,88%

B. Outer – Measurement Model

The measurement on the outer model aims to identify whether the construct can accurately represent the size of the inner model assessment [108]. The measurement model is assessed using the criteria of convergent validity and internal consistencywhich are assessed by the value of average variance extracted (AVE), Cronbach's alpha, and composite reliability (CR). Moreover, to complete the validity test, this study also assessed the discriminant validity with the Fornell-Larcker criterion[91]. This Fornell-Larckervalue measured by the square root of AVE which is demonstrated bold written diagonally in Table 3.1.In sum, it can be concluded that the results of the analysis of the measurement model have met the criteria for the validity and reliability construct[109].

The test results of the measurement model are presented in the table below:

TABLE II
MEASUREMENT MODEL ANALYSIS

Latent Variables	AT	FL	KC	PI	RA	RL	SM	SN	Cronbach's Alpha (≥0,7)	CR (≥0,6)	AVE (≥0,5)
AT	**0.897**								0,919	0,943	0,804
FL	0.620	**0.843**							0,797	0,880	0,711
KC	0.371	0.329	**0.858**						0,816	0,892	0,736
PI	0.649	0.549	0.298	**0.886**					0,909	0,936	0,785
RA	0.294	0.249	0.364	0.253	**0.770**				0,827	0,878	0,592
RL	0.382	0.296	0.246	0.286	0.424	**0.849**			0,904	0,928	0,721
SM	0.339	0.348	0.445	0.403	0.403	0.395	**0.825**		0,841	0,894	0,681
SN	0.567	0.514	0.149	0.591	0.133	0.275	0.234	**0.918**	0,906	0,941	0,842

CR= Composite Reliability; AVE= Average Variance Extracted

Bold coefficients=Fornell-LarckerCriteion

C. Inner-Structural Model

The structural model describes how a construct is related to each other [105] and analyzes the causal relationship that occurs between the independent variable and the dependent variable [110]. This analysis determines whether there is a relationship between variables or not. There are several testing steps in the structural model analysis, including structural collinearity testing, coefficient of determination analysis, effect size analysis,Stone-Geisser predictive relevance analysis, and bootstrapping to test the significance of the structural direction.

Overall, the values of inner VIF in the relationship between variables are in the range of $0.2 \geq n \geq 5$. This indicates that there is no collinearity problem that can result in bias in the research model. From the results of the Coefficient of Determination test, the nature of the predictive accuracy measure on the relationship between endogenous variables and related exogenous variables is quite diverse. In the endogenous Attitude variable, the R2 value obtained is 0.138, meaning that the related exogenous variable, knowledge of COVID-19, is able to explain the attitude variable by 13.8%, or can also imply that the related exogenous variable has a moderate predictive value [111]. The same thing applies to the endogenous saving motives variable which has an R2 value of 0.228, which means that the related exogenous variables, the risk aversion motives and financial literacy variables are able to explain 22.8% of the saving motives variable while the other 77.2% is explained by other influences in outside of this research. Furthermore, in the endogenous Purchase Intention variable, the value of R2 shows the strongest predictive accuracy, which is 0.537. In other words 53.7% of purchase intention variables can be explained well by related exogenous variables consist of attitude, subjective norms, risk aversion motives, saving motives, financial literacy, and religiosity variables. Later, all endogenous variables have a value of Q2 > 0, means that there is predictive relevance between the variables and the related exogenous variable.

D. Significance path coefficients-direct effect

Researchers tested the significance path of coefficient in order to find out the direction and how much influence the exogenous variables had on the endogenous variables. It is said that there is a strong positive relationship if the coefficient value is getting closer to +1. Meanwhile, the relationship is said to be strong negative if the coefficient value is getting closer to -1. This study uses the bootstrapping method with 5% significance level. The one-tailed assumption is used by researchers because the hypothesis being tested has a positive direction of influence [109]. The relationship can be said to be significant if each relationship has a t-value of 1.645 and a p-value <0.05[112].

TABLE III
SIGNIFICANCE PATH COEFFICIENTS-DIRECT EFFECT

Paths	*Coefficients*	*T-Values*	*P-Values*	*Results*
KC → AT	0,424	6,667	0,000	Significant Positive
KC → SN	0,166	2,500	0,006	Significant Positive
KC → PI	0,006	0,117	0,453	Unsignificant
AT → PI	0,303	3,436	0,000	Significant Positive
SN → PI	0,275	4,054	0,000	Significant Positive
RA → PI	0,005	0,089	0,464	Unsignificant
SM → PI	0,164	2,502	0,006	Significant Positive
FL → PI	0,254	2,679	0,004	Significant Positive
RL → PI	-0,011	0,184	0,427	Unsignificant
RA → SM	0,349	4,785	0,000	Significant Positive
FL → SM	0,254	3,903	0,000	Significant Positive

*p<0,05; *PI=Purchase Intention*

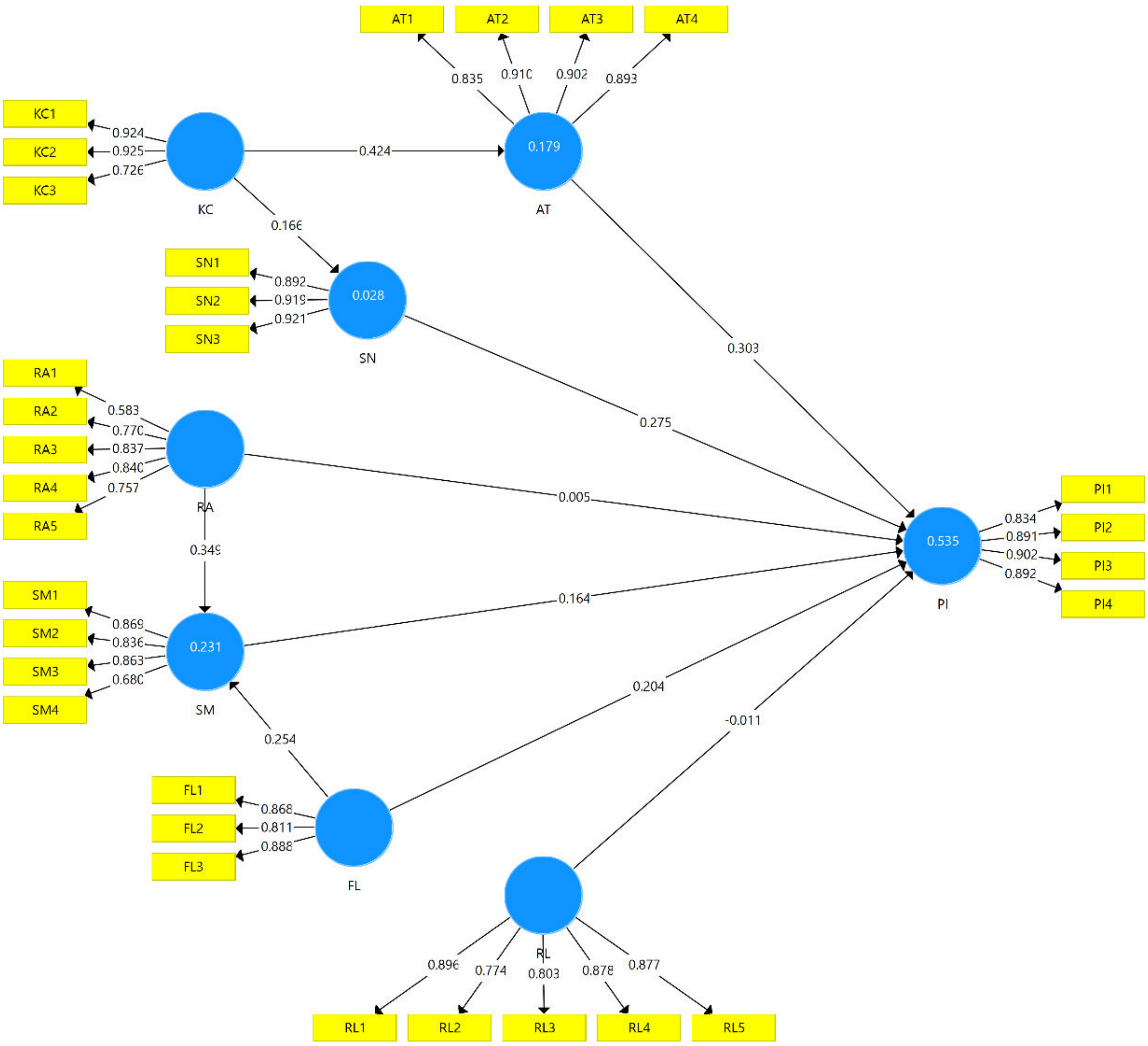

Fig. 2. Result of Structural Model

E. Mediation-indirect effect analysis

Attitude, Subjective Norms, and Saving Motives are indicated to have role as a mediator toward the Purchase Intention variable. To test the mediation effect, the researcher first evaluates the significance of the direct relationship between variables (direct path coefficient) and indirect relationship between variables (indirect path coefficient). Meanwhile, the relationship will still be declared significant if it has t-value >1.645 and p-value<0.05.

TABLE IV MEDIATION-INDIRECT EFFECT

LatentVariableRelationship		***PathCoefficient***	***T-values***	***P-values***	***Results***
PerceivedKnowledgeof COVID-19 variableissignificanttothePurchaseIntentionvariablewithorwithoutgoingthroughtheAttitudevariable	KC → PI	0,006	0,117	0,453	**FullMediation**
	KC → AT → PI	0,128	2,765	0,003	
PerceivedKnowledgeof COVID-19 variableissignificanttothePurchaseIntentionvariablewithorwithoutgoingthroughtheSubjectiveNorms variable	KC → PI	0,006	0,117	0,453	**FullMediation**
	KC → SN → PI	0,046	1,936	0,026	
RiskAversionMotivesvariableissignificanttothePurchaseIntentionvariablewithorwithoutgoingthroughtheSavingMotivesvariable	RA → PI	0,005	0,089	0,464	**FullMediation**
	RA → SM → PI	0,057	2,126	0,017	
Financial LiteracyvariableissignificanttothePurchaseIntentionvariablewithorwithoutgoingthroughtheSavingMotivesvariable	FL → PI	0,254	2,679	0,004	**PartialMediation**
	FL → SM → PI	0,042	2,110	0,017	

Based on the results of indirect effects testing to analyze the mediating effect in the research model, four classifications of analysis were found. First, in looking at the relationship between KC→PI, two variables are proven to have a mediator role, namely the AT and SN variables. It can be seen that the direct relationship between KC→PI is not significant, thus the relationship between KC→AT→ PI and KC→SN→PI is classified as full mediation. Furthermore, the full mediation classification was also found in an indirect relationship to the RA→SM→PI relationship. Finally, the effect of complementation mediation was found in the indirect relationship between FL→SM→PI with the classification of partial mediation-complementary relationship.

That way the results of hypothesis testing are presented to see whether the hypothetical constructs that have been prepared can be accepted or rejected based on several analyzes that have been carried out:

TABLE V
HYPOTHESES TESTING

	HypothesizedPath	***PathCoefficients***	***T-values***	***P-values***	***Result***
H1a	*KnowledgeofCovid→ Attitude*	0,371	6,150	0,000	Accepted
H1b	*KnowledgeofCovid→ SubjectiveNorms*	0,151	2,463	0,007	Accepted
H2	*Attitude→ PurchaseIntention*	0,357	4,658	0,000	Accepted
H3	*Knowledgeof COVID-19 → Attitude→ PurchaseIntention*	0,132	3,617	0,000	Accepted
H4	*SubjectiveNorms→ PurchaseIntention*	0,293	4,704	0,000	Accepted
H5	*Knowledgeof COVID-19 → SubjectiveNorms→ PurchaseIntention*	0,044	2,034	0,021	Accepted
H6	*RiskAversionMotives→ PurchaseIntention*	0,027	0,510	0,305	Rejected
H7	*RiskAversionMotives→ SavingMotives*	0,337	4,969	0,000	Accepted
H8	*SavingMotives→ PurchaseIntention*	0,179	2,783	0,003	Accepted
H9	*Financial Literacy→ SavingMotives*	0,264	4,849	0,000	Accepted
H10a	*RiskAversionMotives→ SavingMotives→ PurchaseIntention*	0,060	2,292	0,011	Accepted
H10b	*Financial Literacy→ SavingMotives→ PurchaseIntention*	0,047	2,424	0,008	Accepted
H11	*Financial Literacy→ PurchaseIntention*	0,123	1,979	0,024	Accepted
H12	*Religiosity→ PurchaseIntention*	-0,049	0,909	0,182	Rejected

V. DISCUSSION

Referring to the problem formulation and research objectives, from the fourteen hypotheses, twelve hypotheses were declared accepted while the other two hypotheses were declared rejected. The result suggests thatattitude, subjective norms, saving motives, and financial literacy have significant and positive impact on consumers purchase intention towardSharia financinginsurance-layoff risk product. Attitude and subjective norms were found to be strong constructs influencing purchase intention.

The findings in this study support the Theory of Reasoned Action by Fishbein & Ajzen [31] which conceptualizes individual attitudes and subjective norms as significant predictors of individual behavioral intentions. In another context, this study also supports findings related to the influence of attitude and subjective norms on financial decision making, for example the provision of *qardhasan*[35], Islamic home financing [47], disbursement of bank deposits [48], and acceptance of Islamic insurance [33,34,49]. Furthermore, Md Husin& Ab Rahman[50]identified individual determinants for participating in family takaful in Malaysia. The results of this study support the hypothesis they developed, which is to prove that attitudes perceived by individuals have a significant influence on the intention to buy family takaful products. Another relevant finding that is also supported by this finding is the study by Echchabi et al; Mohsin Butt & Aftab; and Souiden&Jabeur[51–53]who concluded that attitudes have a significant and positive influence on the purchase intention of takaful products.

Furthermore, the higher a person's motivation to save, the higher the person's intention to buy Sharia Financing Insurance products. One of these motivations is the motive for being on protect in a crisis due to the COVID-19 pandemic which can affect one's work income. In this study, the operationalization of the variable saving motives proposed by the researcher covers the four main aspects of a person's motivation to save which have been described in the previous analysis, so that the findings strongly support the four main motives for saving. This is in line with studies in the Malaysian context [82,83].

The more well-literate individual, the better the individual's ability to make effective financial planning, including investing in unit trusts and buying protection tools such as insurance. Data from OJK (2019) shows a trend of increasing financial literacy levels is one of the supporting facts that the public's intention for financial protection products such as Sharia Financing Insurance-Layoff Risk product is also possible to increase.Lin et al., Mahdzan& Peter Victorian, and Shafii[82,93,113] reported in their research that financial literacy is closely related to individual demand for life insurance products. While Zakaria et al. [83]concluded that increasing financial literacy brings higher purchase intentions in financial planning activities such as sharia life insurance products. Thus, the findings in the H11 analysis can strongly support these statements.

Meanwhile, risk aversion motives and religiosity do not have a significant effect on purchase intention on Sharia Financing Insurance products. Based on the literature review, in the context of risk aversion, this can happen when a person is under pressure or in a condition of high uncertainty such as COVID-19 pandemic crisis so they even do not have the intention to buy goods or services[114]. Meanwhile, in the context of religiosity, this can also happen because the true level of religiosity in a construct still difficult to measure[115]. Both are new findings in this study.

In addition, attitude and subjective norms were found to significantly mediate the relationship between perceived knowledge of COVID-19 and purchase intention of Indonesian Muslim communities on Sharia Financing Insurance-Layoff Risk product. This mediation relationship is full mediation. That way, individuals who have a good level of knowledge related to COVID-19 will intend to buy Sharia Financing Insurance products (the risk of layoffs) if they are supported by positive attitudes and social norms around them.

Saving motives were also found to significantly mediate two lines of relationship, namely the relationship between risk aversion motives on purchase intention (full mediation) and the relationship between financial literacy on purchase intention (partial mediation). In terms of risk aversion motives, individuals who have a risk averse risk profile will intend to purchase Sharia Financing Insurance-Layoff Risk product if they are supported by a strong saving motive. Meanwhile, with or without the motivation to save, individuals who have a good level of financial literacy will intend to buy Sharia Financing Insurance-Layoff Risk product.

A. Theoretical contribution

The results of this study provide several theoretical contributions. First, this study successfully confirmed the application of the TRA framework for Islamic insurance products. In some aspects, this research has supported the research of Nomi &Sabbir[24]and broadened its generalizations, not only for life insurance products, but also Sharia-based general insurance products such as Sharia Financing Insurance-Layoff Risk product. Second, this research can enrich the research results of Nomi &Sabbir[24]by adding the variable perceived knowledge of COVID-19 adopted from Han et al. [25]. Perceived knowledge of COVID-19 has been shown to have a significant influence on the basic framework of TRA in this study.

B. Managerial implication

This study produces a projection of how the intention of the Indonesian Muslim community towards Sharia Financing Insurance products (the risk of layoffs) is formed. This projection can be an insight and consideration for the various parties involved, especially Islamic insurance companies, financial institutions providing loans (Islamic banks, conventional banks, multi-finance companies, and so on), as well as related regulators.

For Sharia insurance companies, the managerial implication refers to the results of research analysis that attitude, subjective norms, saving motives, and financial literacy have a positive influence on purchase intention.Two TRA constructs, namely attitude and subjective norms, were found to be the strongest variables influencing purchase intention. In the context of attitude, special attention that can be given by takaful operators is to ensure that their consumers are aware of all the benefits offered in Sharia Financing Insurance-Layoff Risk products, so that consumers always have a positive attitude and reaction. This implementation can be proven by optimizing the company's public relations (PR) function to facilitate communication between the organization and the target market or with related institutions. With the research findings where 65.8% of respondents admitted that they did not know about the risk protection clause (PHK) in their insurance financing, PR can maximize education to the public.

Then in the context of subjective norms, because one of the reasons for purchasing financing insurance is to guarantee the financial condition of the debtor and his family, this reference group can be used as consideration for takaful operator marketers. The implementation of the PR function is not only focused on the target consumer, but also the people around the target consumer, such as family or closest relatives.

In line with this, considering the increase in electronic activity that has occurred due to social distancing policies, the appropriate marketing approach to be improved in this case is digital marketing, for example through social media, television advertisements, and other e-channels. The campaigns carried out should also be made interesting, simpler, and easy to understand considering the very diverse characteristics of the Indonesian people. This can help increase public awareness and literacy of Sharia Financing Insurance-Layoff Risk products.

Furthermore, with the findings of mediation by saving motives between the relationship between risk aversion motives and purchase intention, Islamic insurance companies must attract more attention from people who have a risk averse profile. The various managerial implications that the researcher describes are certainly aimed at increasing the value of the takaful operator company and all other relevant stakeholders.

Other parties who can also capture the sharia insurance market opportunities are credit lenders, such as Islamic banks, Islamic Rural Banks, multi-finance companies, cooperatives, and so on. These parties can establish partnerships with Islamic insurance companies, especially in terms of financing. Responding to the COVID-19 pandemic, one of the right marketing strategies for Sharia Financing Insurance products (the risk of layoffs) is to place the products on lender's digital services, such as Sharia Banks. Lastly, for regulators related to the *IndustriKeuangan Non-Bank* (IKNB), such as the *Komite Nasional EkonomiKeuangan Syariah* (KNEKS), the socialization of sharia insurance to the public must always be increased by issuing blueprints on a regular basis regarding the Sharia insurance industry to the public.

VI. CONCLUSION

This research can be used as a consideration for companies in the sharia insurance industry, especially to capture the determinants of people's buying interest in sharia financing insurance-layoff risk products in response to crisis conditions. From the research results, it can be concluded that attitude, subjective norms, saving motives, and financial literacy have a significant and positive influence on purchase intention. Meanwhile, it was found that attitude and subjective norm significantly mediate the relationship between perceived knowledge of COVID-19 and purchase intention. The saving motive also found plays as a mediator in two relationship paths, namely between risk aversion motives on purchase intention and financial literacy on purchase intention. Furthermore, risk aversion motives and financial literacy were found not to significantly influence purchase intention.

However, there are some limitations in this study, such the researchers only examined the extent of buying interest, not actual buying behavior. Then, the researcher only took a sample of Muslim respondents who had long-term debt so that the coverage research could not capture all the conditions experienced by the respondents. This can be used as a consideration for further research.

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ISBN*: 978-623-92201-2-9*

APPENDIX

Measurement Items

Constructs	Items		Scale	References
PerceivedKnowledgeof COVID-19 (KC)	KC1	Compared with the average person, I know the facts about COVID-19	Likert 1-7	Feng, (2008); Han et al. (2020)
	KC2	Compared with my friends, I know the facts about COVID-19		
	KC3	I know about the harm caused by COVID-19		
Attitude(AT)	AT1	I have a positive opinion about Sharia Financing Insurance-Layoff Risk product	Likert 1-7	Alam et al, (2012); Marakarkandy et al. (2017)
	AT2	I like the Sharia Financing Insurance-Layoff Risk productbecause of the advantages it provides		
	AT3	I think Sharia Financing Insurance-Layoff Risk product is good for me		
	AT4	I think Sharia Financing Insurance-Layoff Risk product is beneficial to me		
SubjectiveNorms (SN)	SN1	Most people who are important to me (i.e.,family) think I should purchase a Sharia Financing Insurance-Layoff Risk product	Likert 1-7	Ryu& Han (2010)
	SN2	My friends who are important to me would want me to purchase a Sharia Financing Insurance-Layoff Risk product		
	SN3	My relatives whose opinions I value would prefer that I purchase a Sharia Financing Insurance-Layoff Risk product		
RiskAversionMotives (RA)	RA1	I do not feel comfortable about taking chances	Likert 1-7	Mandrik& Bao (2005)
	RA2	I prefer situations that have foreseeable outcomes		
	RA3	Before I make decision, I like to be absolutely sure about how things will turn out		
	RA4	I avoid situations that have uncertain outcomes		
	RA5	I feel nervous when I have to make decisions in uncertain situations		
SavingMotives (SM)	SM1	I purchase Sharia Financing Insurance-Layoff Risk product for securing my retirement period	Likert 1-7	Mahdzan& Peter Victorian (2013)
	SM2	I purchase Sharia Financing Insurance-Layoff Risk product for emergency purposes		
	SM3	I purchase Sharia Financing Insurance-Layoff Risk product because I wanttoensurecontinuityofincomeafter I lose myjob		
	SM4	I purchase Sharia Financing Insurance-Layoff Risk product because I want to leave it as an inheritance		
Financial Literacy (FL)	FL1	I understand the Sharia Financing Insurance-Layoff Risk product	Likert 1-7	S. H. Hassan (2014); Mahdzan& Peter Victorian (2013)
	FL2	I know about other financial products that might satisfy my financial needsbesides Sharia Financing Insurance-Layoff Risk product		
	FL3	I understand the financial phrases and symbols of Sharia Financing Insurance-Layoff Risk product		

***ISBN**: 978-623-92201-2-9*

Measurement Items (Continued)

Constructs	Items		Scale	References
Religiosity (RL)	RL1	I regularly pray	Likert 1-7	Kashifetal. (2017)
	RL2	I have a great sense of God's presence		
	RL3	It is important for me to spend more time on religious activities		
	RL4	I live my life according to my religious beliefs		
	RL5	I follow a religion because it gives me comfort in times of trouble and sorrow		
PurchaseIntention (PI)	PI1	Purchasinga Sharia Financing Insurance-Layoff Risk productwill provide me future surety which I need mostto ensurecontinuityofincomeafter I lose myjob	Likert 1-7	Jahan &Sabbir (2018); Ryu& Han (2010)
	PI2	I am willing to purchase a Sharia Financing Insurance-Layoff Risk product		
	PI3	I plan to purchase a Sharia Financing Insurance-Layoff Risk product in the future		
	PI4	I will make an effort to purchase a Sharia Financing Insurance-Layoff Risk product		