



When Trust Meets Value: Drivers of Life Insurance Purchase Decisions among South Sulawesi Consumers

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Abstract. This study examines the drivers of life-insurance purchase decisions in South Sulawesi's bancassurance context, addressing a high-inclusion/low-literacy paradox and persistent trust deficits. Integrating trust, agent credibility, perceived risk, perceived value, premium affordability, subjective norms, and financial literacy, we estimate a variance-based structural equation model using cross-sectional survey data ($n = 135$). The reflective measurement model demonstrates strong reliability and convergence ($CR \geq .86$, $AVE \geq .61$), with discriminant validity supported ($HTMT < .85$). Structural results show trust as the strongest proximal predictor of purchase, agent credibility exerting both a small direct effect and a larger indirect effect via trust, and perceived value positively associated with purchase. Perceived risk relates negatively to both trust and purchase. Financial literacy increases perceived value and reduces perceived risk, while premium affordability primarily influences purchase indirectly through perceived value. Subjective norms show a modest positive association with purchase. Explanatory power is substantial ($R^2_{\text{purchase}} = .64$) and predictive relevance is confirmed (positive Q^2 , PLSpredict outperforming a linear benchmark). The findings position trust as the gateway belief through which affordability and literacy translate into value and, ultimately, purchase. Managerial implications include radical transparency (plain-language exclusions and claims SLAs), re-professionalized agents as educators, affordability-aligned premium ladders, and a hybrid distribution that blends digital simplicity with human reassurance. Policy recommendations emphasize transparent-by-design disclosures and targeted, product-specific financial education.

Keywords: Life Insurance, Trust, Perceived Value, Financial Literacy, Purchase Decisions.

1 Introduction

Life insurance is a cornerstone of household financial resilience in emerging markets, yet uptake remains uneven despite wider bancassurance reach in Indonesia. In South Sulawesi anchored by Makassar's trade and service economy consumers balance protection needs against liquidity constraints and decode complex product terms through interpersonal and digital channels. Bank-linked insurers are well positioned to broaden coverage, but must address cognitive and relational determinants of choice how people

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form trust in the insurer and distribution channel, evaluate value relative to premiums, and anticipate the credibility of the claims pathway [1, 2].

The practical problem is a persistent conversion gap between expressed interest and actual policy purchase. Evidence shows that trust lowers perceived vulnerability and translates information into commitment, including in online/platform contexts [3, 4]. In Indonesia and comparable ASEAN settings, WOM/e-WOM and agent credibility are salient trust antecedents that shape insurance choice [5, 6]. At the same time, perceived risk mis-selling concerns, opaque exclusions, or feared claim denials dampens adoption even when features are attractive [1]. Purchase decisions also hinge on perceived value versus premium affordability, a trade-off particularly salient for households and micro-entrepreneurs [7, 8]. Subjective norms in close-knit communities and financial literacy further condition how policy terms and riders are interpreted, often amplifying perceived value and attenuating perceived risk [9, 10, 11].

First, regional studies frequently model purchase intention rather than the actual purchase decision, limiting insight into what ultimately moves consumers from contemplation to commitment in bancassurance contexts [5, 12]. Second, research often treats trust, risk, and value in isolation, rarely integrating them with premium affordability, agent credibility, subjective norms, and financial literacy in a single, Indonesia-specific framework particularly one attentive to South Sulawesi's socio-economic conditions [12, 7]. Third, while variance-based SEM is widely used, studies tend to emphasize coefficient significance over prediction-oriented evaluation useful for managerial prioritization (e.g., PLSpredict, IPMA), leaving practitioners without clear levers for action [14, 15].

This study aims to explain and predict life-insurance purchase decisions in South Sulawesi's bancassurance context by integrating a trust–risk–value perspective with premium affordability, agent credibility, subjective norms, and financial literacy. Specifically, it (i) estimates the direct effects of these determinants on the purchase decision, (ii) tests indirect pathways whether financial literacy enhances perceived value and whether agent credibility strengthens trust that, in turn, drives purchase, (iii) evaluates predictive performance within a variance-based SEM framework to establish practical utility beyond statistical significance, and (iv) translates the empirical patterns into prioritized managerial levers for lifting trust, reducing perceived risk, communicating value relative to premiums, and strengthening the roles of agents and consumer education in South Sulawesi.

2 Literature Review

2.1 Trust–risk–value as the core evaluative triad in bancassurance

Life-insurance purchasing is a high-stakes, low-frequency decision under information asymmetry, so consumers lean on three intertwined evaluations: trust, perceived risk, dan perceived value. In digital and hybrid channels, trust reduces perceived vulnerability and facilitates commitment even when quality is difficult to verify ex-ante [3]. Multidimensional trust integrity, competence, benevolence supports market participation and continued usage in insurance contexts [4]. In Indonesia and comparable ASEAN

settings, word-of-mouth (WOM/e-WOM) and personal selling frequently anchor trust formation for conventional and Islamic insurance [5, 13, 12]. On the cost–benefit side, perceived value reflects how customers weigh coverage scope, claims responsiveness, and rider flexibility against premiums and opportunity costs, service quality and experience often influence outcomes through value [8]. Counterbalancing effects arise from perceived risk concerns about mis-selling, opaque exclusions, or claim denials which can suppress adoption despite attractive features [1]. Given these dynamics and the liquidity realities of Indonesian households, an integrated, context-specific model is necessary.

2.2 Agent credibility, trust, and purchase decision

Agent credibility in life insurance combines perceived competence (technical knowledge of products, riders, underwriting, and claims), integrity (honesty, fairness in recommending options), and benevolence (genuine concern for client welfare). In credence services such as insurance where quality cannot be fully verified prior to purchase credible agents act as interpretive guides who reduce ambiguity, frame trade-offs, and anchor expectations about claims support. Indonesian evidence shows that personal selling capability and sustained engagement increase customer trust and subsequent behavioral outcomes, including repurchase intentions [6]. Parallel work on WOM and e-WOM demonstrates that credible narratives about product fit and claim experiences travel through social networks, reinforcing perceptions of agent integrity and competence and thereby nurturing trust [5, 13]. In digital or hybrid journeys, interactional cues transparent explanations of exclusions, responsiveness to queries, and consistency between verbal claims and written policy terms map onto institutional trust and strengthen the likelihood of purchase [3]. For Islamic/takaful contexts that are culturally adjacent to Indonesia, similar credibility–trust sequences underpin intention formation [12].

In bancassurance specifically, credibility benefits from a dual signal: the bank’s brand sets a baseline of reliability while the agent’s conduct provides situational evidence. When both align accurate needs analysis, avoidance of mis-selling scripts, and clear illustrations of cash values and claim pathways customers infer a lower probability of future disputes, which raises perceived procedural justice and trust. Conversely, mismatches between pitch and policy wording, or evasive answers regarding exclusions and waiting periods, erode credibility quickly and can be difficult to repair in tight social networks where negative WOM propagates fast [5]. Accordingly, agent credibility is expected to raise trust directly and to shape purchase both directly (through persuasive clarity) and indirectly (through trust as a gateway belief).

- H1. Agent credibility positively influences trust.
- H2. Agent credibility positively influences the purchase decision.
- H3. Trust positively influences the purchase decision.

2.3 Perceived risk as an inhibitor of trust and purchase

Perceived risk in life-insurance choice spans financial risk (paying for benefits that may not materialize), performance risk (coverage not meeting needs or claims being delayed/denied), psychological risk (buyer's remorse or stigma), time risk (effort spent understanding complex terms), and privacy/transaction risk in digital channels. Indonesian analyses highlight persistent consumer-protection frictions unclear disclosures, complex exclusion clauses, and opaque claim processes that heighten perceived risk and dampen uptake [1]. In platform settings, higher perceived risk increases the evidentiary threshold consumers require before committing, they seek stronger assurances, third-party signals, or verifiable claim histories [3]. Risk perceptions and trust are dynamically intertwined: when customers encounter standardized scripts, cooling-off periods, accessible claim channels, and transparent illustrations of benefits and exclusions, they infer a lower hazard rate of dispute and update trust upward. Absent such safeguards, defensive processing dominates, messages are discounted, ambiguous benefits are interpreted pessimistically, and trust degrades.

Importantly, risk perceptions are socially amplified. Stories of denied claims or hidden exclusions whether accurate or not travel quickly via e-WOM, raising baseline skepticism in close-knit communities [13]. Takaful evidence similarly shows that risk salience can overpower otherwise favorable Sharia-compliance signals when operational transparency is weak [12]. For bancassurance, this implies that generic brand strength may be insufficient unless the insurer-bank interface is operationally seamless at claim time. Reducing perceived risk therefore requires congruent actions across the purchase-service-claim continuum: explicit explanation of exclusions and waiting periods, demonstrations of claim responsiveness, and simple post-sale support that lowers customers' perceived exposure. Given these mechanisms, perceived risk should depress both the propensity to purchase and the willingness to extend trust.

- H4. Perceived risk negatively influences the purchase decision.
- H5. Perceived risk negatively influences trust.

2.4 Perceived value and premium affordability

Perceived value is the customer's overall assessment of utility derived from a policy relative to what is given up to obtain it. In life insurance, value aggregates functional components (breadth and depth of coverage, reliability and speed of claims, flexibility of riders, portability) and affective components (peace of mind, family security, and reputational assurance). Service quality and customer experience typically act through perceived value to influence behavioral outcomes such as repurchase and loyalty, suggesting that value often plays a mediating role between upstream service attributes and downstream decisions [8]. In Indonesia's household economy, premium affordability functions both as a hard constraint and as a heuristic cue about worth. When payment schedules align with monthly liquidity cycles especially for salaried workers and micro-entrepreneurs premiums feel manageable and the perceived net value of protection rises. Conversely, premiums that are perceived as heavy dominate the mental calculus, reducing value even when features appear attractive [7].

In bancassurance, value signaling can be sharpened without altering the nominal premium: clarifying claim timelines and documentation, illustrating scenario-based benefits (e.g., critical illness or income replacement), and mapping riders to specific life events makes benefits more concrete. Transparency around exclusions and surrender values reduces the fear of hidden costs and strengthens the subjective exchange ratio. Affordability interventions tiered premium ladders, auto-debit with grace periods, and micro-top-ups also recast the cost side, improving perceived value while broadening accessibility. Because customers often integrate monetary burden, risk of hassle, and expected utility into a single judgment, perceived value should directly increase purchase propensity. Affordability is expected to raise perceived value and may also contribute directly to purchase when budget salience is dominant.

- H6. Perceived value positively influences the purchase decision.
- H7a. Premium affordability positively influences perceived value.
- H7b. Premium affordability positively influences the purchase decision.

2.5 Subjective norms and social legitimation

Subjective norms capture the perceived expectations and endorsements of salient referents family, peers, employers, and respected community figures and are central to the Theory of Planned Behavior. In collectivist settings like Indonesia, social endorsement legitimizes unfamiliar financial products, compresses search costs, and reduces the psychological burden of unilateral decision-making. Empirical evidence from Islamic finance shows that social influence robustly predicts adoption intentions, even after controlling for perceived usefulness and attitudes [9, 16]. In the life-insurance domain, norms operate through multiple channels. Injunctive norms convey what significant others think one ought to do (e.g., “responsible parents ensure protection”), whereas descriptive norms signal what others actually do (e.g., “colleagues at the office already hold policies”), with both streams potentially reinforcing each other when community leaders model ownership.

Norms also interact with information flows. Positive WOM/e-WOM from trusted ties can substitute for technical expertise by providing credible vicarious learning, thereby reducing ambiguity about product necessity and claims practice [13]. Conversely, negative narratives propagate quickly and may set high evidentiary thresholds for agents to overcome. In workplaces, employer-endorsed programs can normalize payroll-deducted premiums, mitigating affordability salience and further strengthening perceived legitimacy. The Indonesian context high relational density and respect for authority figures amplifies these mechanisms, making social signals particularly powerful at the conversion margin. Hence, stronger subjective norms are expected to increase the likelihood of purchasing a life-insurance policy in bancassurance settings.

- H8. Subjective norms positively influence the purchase decision.

2.6 Financial literacy as an enabling capability

Financial literacy enhances consumers' capacity to parse policy language, compare term versus unit-linked structures, evaluate rider trade-offs, and understand time-value implications of premiums and benefits. In practice, literacy reduces reliance on heuristic cues from sales scripts and enables more diagnostic questioning, making agent interactions more productive. As comprehension improves, customers are better able to map benefits to personal risk exposures, which increases perceived relevance and raises perceived value, while clarity about exclusions and claim documentation reduces perceived risk [10, 11]. In digital contexts, literacy also encompasses platform fluency navigating disclosures, using calculators, and tracking policy status which further lowers friction costs and supports confidence in self-service tasks.

The enabling role of literacy is especially salient where disclosure quality varies and where policy designs can be complex. Greater literacy helps consumers distinguish between guaranteed and non-guaranteed elements, to interpret surrender values, and to anticipate liquidity implications if premiums are missed. It also moderates the impact of social narratives by equipping individuals to evaluate anecdotal claims critically rather than adopting them wholesale. In Indonesia, where formal financial education is heterogeneous, marginal gains in literacy can therefore yield outsized effects on evaluation quality. However, literacy is not a panacea, when trust is low or perceived risk is high due to institutional frictions, even literate consumers may avoid committing. This asymmetry underscores the complementary roles of literacy with credibility and transparency initiatives. Overall, higher literacy is expected to strengthen perceived value and weaken perceived risk, thereby creating a more favorable evaluative environment for purchase decisions in bancassurance.

- H9. Financial literacy positively influences perceived value.
- H10. Financial literacy negatively influences perceived risk.

2.7 Mediated pathways and integrated structure

Three mediated mechanisms are central to the integrated model. First, agent credibility is expected to increase trust, and higher trust is expected to increase the likelihood of purchasing, therefore, trust is expected to mediate the effect of agent credibility on the purchase decision [6, 5]. Second, financial literacy is expected to enhance perceived value, which then increases the likelihood of purchasing, thus, perceived value is expected to mediate the effect of financial literacy on the purchase decision [10]. Third, premium affordability is expected to raise perceived value, which then increases the likelihood of purchasing, accordingly, perceived value is expected to mediate the effect of premium affordability on the purchase decision [7]. This structure positions purchase decision as a function of trust, perceived risk, perceived value, agent credibility, premium affordability, subjective norms, and financial literacy, consistent dengan temuan regional tentang pembentukan trust dan penilaian value dalam pasar asuransi Indonesia [3, 5, 13, 12, 7, 8, 1, 9, 16, 10, 11].

- H11. Trust mediates the relationship between agent credibility and the purchase decision.
- H12. Perceived value mediates the relationship between financial literacy and the purchase decision.
- H13. Perceived value mediates the relationship between premium affordability and the purchase decision.

3 Method

This study employs a cross-sectional, explanatory design in the Indonesian bancassurance (South Sulawesi) to model the behavioral outcome of life-insurance purchase as a function of relational (trust, agent credibility), evaluative (perceived risk, perceived value), socio-economic (premium affordability, financial literacy), and social (subjective norms) determinants using variance-based structural equation modeling (PLS-SEM). The unit of analysis is the individual consumer, eligibility required adulthood and basic familiarity with life-insurance concepts, while individuals professionally affiliated with insurers or agents were excluded to limit role bias. A non-probability purposive approach with soft quotas by municipality and employment type supported contextual coverage, the realized sample comprised $n = 135$ observations, which meets power-oriented recommendations for models with six to seven predictors and medium effects in PLS-SEM [14]. All constructs were specified reflectively and measured on seven-point Likert scales, item pools were adapted from prior studies, translated/back-translated, cognitively debriefed, and pretested to ensure content validity and clarity. Procedural remedies for common-method bias included psychologically separated sections, varied anchors, neutral wording, and assurances of anonymity, ex-post diagnostics comprised Harman's single-factor screen and full collinearity VIF with a target <3.3 [17]. Data quality checks removed straight-lining and high-missingness cases, item-level missingness $<5\%$ was imputed with expectation-maximization, with sensitivity checks against listwise deletion. Models were estimated in SmartPLS (v4.x) using the path-weighting scheme, 5,000 bootstrap resamples, two-tailed tests, and bias-corrected confidence intervals, inner collinearity was assessed via VIF (<3). Measurement evaluation followed standard thresholds: outer loadings ≥ 0.708 , CR $0.70-0.95$, ρ_A reported, AVE ≥ 0.50 , and discriminant validity via HTMT <0.85 with bootstrapped CIs not crossing 1.00 [15, 14]. Structural assessment reported standardized paths, R^2 , effect sizes (f^2), and predictive relevance (Q^2 via blindfolding), and tested the hypothesized mediations with bootstrapped indirect effects, practical utility was examined using PLSpredict versus a linear benchmark [14]. Robustness included optional endogeneity probes (e.g., Gaussian copula, two-stage procedures) and measurement invariance via MICOM prior to any multi-group contrasts [15]. The protocol adhered to institutional ethics, informed consent was obtained, and de-identified data and the SmartPLS project file can be shared subject to policy constraints.

4 Results

4.1 Sample characteristics

The analytic sample comprises 135 adults in South Sulawesi with a balanced gender split (51.1% female, 48.9% male). Age is broadly distributed across working-age bands largest in 31–40 (40.7%), then 21–30 (32.6%) and 41–55 (26.7%) supporting heterogeneity in life stage and financial priorities. Household income terciles are well balanced (lower 34.1%, middle 35.6%, upper 30.4%), reducing the risk that results are driven by a single income segment. The sample characteristics are summarized in Table 1. A majority are first-time life-insurance buyers (61.5%), ensuring strong relevance to initial purchase decision-making, 24.4% report prior policy ownership, providing variance in familiarity with claims and service processes. As a contextual factor salient to this market, 42.2% report active participation in arisan (ROSCAs), and 46.7% maintain a primary transactional relationship with BNI, both of which are controlled in robustness checks to isolate construct effects in the structural models.

Table 1. Sample characteristics

Attribute	Category	n	%
Gender	Female	69	51.1
	Male	66	48.9
Age band (years)	21–30	44	32.6
	31–40	55	40.7
	41–55	36	26.7
Household income (terciles)	Lower	46	34.1
	Middle	48	35.6
	Upper	41	30.4
First-time life-insurance buyer	Yes	83	61.5
Prior policy ownership	Yes	33	24.4
Primary BNI relationship	Yes	63	46.7
Participation in arisan (ROSCAs)	Yes	57	42.2

Source: Primary Data Process

4.2 Descriptive statistics and inter-construct correlations

Means cluster around the midpoint–upper range of the 1–7 scale (4.41–4.88) for the positive-valence constructs, with Trust (M = 4.88) and Perceived Value (M = 4.76) highest, followed by Agent Credibility (4.81), Subjective Norms (4.65), Premium Affordability (4.58), and Financial Literacy (4.41), indicating generally favorable evaluations. The descriptive statistics and inter-construct correlations are presented in Table 2. Perceived Risk is lower (M = 3.12, higher scores denote more risk), consistent with a sample that is cautious but not uniformly pessimistic. Standard deviations (~0.96–1.08) show adequate dispersion for modeling. Bivariate correlations are moderate and directionally consistent with theory: Trust and Perceived Value correlate positively with Purchase Decision (r = .62 and .56, both p < .001), whereas Perceived Risk relates negatively to both (PD r = -.35, TR r = -.32, p < .001). All inter-construct correlations remain well below multicollinearity thresholds (< .80), supporting discriminant validity and motivating structural estimation.

Table 2. Descriptive statistics and inter-construct correlations

Construct	Items	Mean	SD	AC	TR	PR	PV	PA	SN	FL	PD
Agent Credibility (AC)	4	4.81	1.02		.58	-.28	.49	.38	.44	.33	.52
Trust (TR)	4	4.88	1.05	.58		-.32	.55	.36	.47	.35	.62
Perceived Risk (PR)†	4	3.12	1.01	-.28	-.32		-.29	-.22	-.18	-.31	-.35
Perceived Value (PV)	4	4.76	1.03	.49	.55	-.29		.45	.41	.43	.56
Premium Affordability (PA)	3	4.58	0.98	.38	.36	-.22	.45		.33	.37	.34
Subjective Norms (SN)	3	4.65	1.00	.44	.47	-.18	.41	.33		.29	.42
Financial Literacy (FL)	4	4.41	1.08	.33	.35	-.31	.43	.37	.29		.40
Purchase Decision (PD)	3	4.83	1.04	.52	.62	-.35	.56	.34	.42	.40	

Notes. All correlations $p < .001$. Scales: 1–7 (higher = more of the construct), †Perceived Risk coded higher = more risk.

Source: Primary Data Process

4.3 Reliability and validity (PLS-SEM)

The reflective measurement model shows strong internal consistency and convergent validity. All loadings fall within acceptable ranges ($\geq .70$), composite reliability (CR) and ρ_A meet or exceed recommended thresholds, and $AVE \geq .61$ across constructs. Discriminant validity is supported: maximum HTMT values remain below conservative cut-offs (.66–.81), and HTMT confidence intervals do not include 1. The reliability and validity results are reported in Table 3. Indicator and construct VIF values are < 3 , indicating multicollinearity is not a concern. No items required removal, and the measurement properties justify proceeding to structural modeling.

Table 3. Reliability and validity

Construct	Loading range	CR	ρ_A	AVE	Max HTMT
Agent Credibility (AC)	.79–.89	.91	.89	.72	.78
Trust (TR)	.77–.88	.90	.88	.69	.81
Perceived Risk (PR)	.74–.86	.88	.85	.65	.70
Perceived Value (PV)	.81–.90	.92	.91	.75	.80
Premium Affordability (PA)	.72–.84	.86	.83	.61	.66
Subjective Norms (SN)	.76–.86	.88	.86	.65	.68
Financial Literacy (FL)	.75–.87	.89	.87	.67	.71
Purchase Decision (PD)	.78–.88	.90	.88	.69	.81

Source: Primary Data Process

4.4 Structural estimates

The structural model aligns with the theorized trust–risk–value mechanism. Agent Credibility shows a strong, positive association with Trust ($\beta = .58, p < .001$), and a smaller but significant direct association with Purchase Decision ($\beta = .12, p = .046$). Trust ($\beta = .41, p < .001$) and Perceived Value ($\beta = .29, p < .001$) each show positive, significant links to Purchase Decision, while Perceived Risk relates negatively to both Trust ($\beta = -.19, p = .002$) and Purchase Decision ($\beta = -.15, p = .014$). The structural estimates are presented in Table 4. Premium Affordability significantly lifts Perceived Value ($\beta = .33, p < .001$) but its direct path to Purchase Decision is small and not significant ($\beta = .07, p = .162$), consistent with an indirect mechanism. Financial Literacy increases Perceived Value ($\beta = .37, p < .001$) and lowers Perceived Risk ($\beta = -.34, p < .001$). Subjective Norms show a modest positive association with Purchase Decision ($\beta = .11, p = .041$). Explanatory power is substantial ($R^2_{TR} = .51, R^2_{PV} = .46, R^2_{PR} = .12, R^2_{PD} = .64$). Blindfolding Q^2 values are positive for all endogenous constructs (TR .37, PV .31, PR .08, PD .43), indicating predictive relevance. Model-level SRMR = 0.061.

Table 4. Structural estimates

Relation (effect of ... on ...)	β	t	p	95% CI
Agent Credibility on Trust	.58	8.50	<.001	[.45, .70]
Agent Credibility on Purchase Decision	.12	2.00	.046	[.00, .24]
Trust on Purchase Decision	.41	6.10	<.001	[.28, .53]
Perceived Risk on Purchase Decision	-.15	2.45	.014	[-.27, -.03]
Perceived Risk on Trust	-.19	3.05	.002	[-.31, -.07]
Perceived Value on Purchase Decision	.29	4.60	<.001	[.16, .41]
Premium Affordability on Perceived Value	.33	5.10	<.001	[.20, .45]
Premium Affordability on Purchase Decision	.07	1.40	.162	[-.03, .17]
Subjective Norms on Purchase Decision	.11	2.05	.041	[.00, .21]
Financial Literacy on Perceived Value	.37	5.70	<.001	[.24, .49]
Financial Literacy on Perceived Risk	-.34	5.20	<.001	[-.46, -.21]

Source: Primary Data Process

4.5 Mediation and total effects

Bias-corrected bootstrap results indicate three theoretically central indirect routes are positive and significant. The largest mediated contribution runs through Trust for the Agent Credibility effect on Purchase Decision ($\beta_{ind} = .24, 95\% \text{BCa CI } [.14, .35], p < .001$), followed by Perceived Value for Financial Literacy ($\beta_{ind} = .11, 95\% \text{CI } [.05, .18], p = .001$), and Perceived Value for Premium Affordability ($\beta_{ind} = .10, 95\% \text{CI } [.04, .17], p = .002$). The indirect, total, and variance-accounted effects are summarized in Table 5. The total effect of Agent Credibility on Purchase Decision is .36 ($p < .001$), with a small direct component (.12, $p = .046$) and a dominant indirect component (.24), yielding a $VAF \approx 67\%$. For Premium Affordability, the total effect is .17 ($p = .007$), with the direct path non-significant (.07, $p = .162$) and the majority of influence carried via value ($VAF \approx 59\%$). For Financial Literacy, the effect on Purchase Decision is fully mediated by Perceived Value in this specification ($\beta_{total} = .11, VAF \approx 100\%$), consistent with the narrative that literacy clarifies benefits which then translate into action.

Table 5. Indirect, total, and variance-accounted effects

Path (indirect)	β_{ind}	95% CI	Sig.
AC → TR → PD	.24	[.14, .35]	Yes
FL → PV → PD	.11	[.05, .18]	Yes
PA → PV → PD	.10	[.04, .17]	Yes

Summary	Value
Total effect of AC on PD	.36 (p < .001)
Direct effect of AC on PD (controlling mediator)	.12 (p = .046)
Total effect of PA on PD	.17 (p = .007)
Direct effect of PA on PD (controlling mediator)	.07 (n.s.)
Total effect of FL on PD	.11 (p = .001)
Variance accounted for (VAF)	AC via TR \approx 67%, PA via PV \approx 59%, FL via PV \approx 100%

Source: Primary Data Process

5 Discussion

The results converge on a trust–risk–value mechanism that fits the South Sulawesi bancassurance context. Agent credibility shows the largest upstream leverage, relating strongly to trust and, through trust, to purchase. This accords with Indonesian and regional evidence that credible personal selling, consistent messaging, and reputation signals transmitted via WOM/e-WOM catalyze adoption in credence services where quality cannot be verified ex-ante [5, 13, 12]. In platform environments, trust reliably converts information into commitment [3], and the present pattern extends that logic to bank-linked distribution by demonstrating a dual route: credibility contributes a small direct lift to purchase while its dominant effect is indirect via trust. Practically, this reframes “sales effectiveness” as ethical competence accurate needs analysis, transparent illustration of exclusions and waiting periods, and after-sales assurance because those behaviors are the means by which value becomes legible and actionable.

Perceived risk exerts negative associations with both trust and purchase, reinforcing concerns raised by consumer-protection analyses about disclosure opacity, mis-selling fears, and claim uncertainty [1]. Notably, affordability does not travel well to behavior in isolation, instead, affordability and literacy appear to operate through perceived value. Financial literacy raises perceived value and suppresses perceived risk, while premium affordability reliably boosts perceived value but has no stable direct linkage to purchase once value is in the model. This is consistent with a “value construction” account in which consumers commit when the policy is understood as protection that fits cash-flow realities and risk priorities [7, 8, 10]. In other words, price alignment without clarity yields limited conversion, whereas clarity produced by literate decoding and credible guidance transforms affordability into value, and value into choice.

Subjective norms show a modest yet meaningful link to purchase, a pattern that matches collectivist dynamics and evidence from Islamic finance in Indonesia where social endorsement legitimizes unfamiliar financial products and compresses search costs [9, 16]. In South Sulawesi, where dense interpersonal networks and arisan practices anchor everyday finance, norms likely accelerate diffusion only after credibility and clarity reduce personal exposure to perceived loss. This helps explain why norms do not dominate the structure: they provide permission to act, but they do not substitute for trustworthy content or comprehensible value.

These findings carry several implications for practice. First, making radical transparency the default plain-language key facts, standardized disclosure of exclusions and waiting periods, and publicly communicated claim turnaround-time service levels directly targets the risk–trust dyad that limits conversion in scandal-scarred markets [1, 3]. Second, re-professionalizing the agent role from salesperson to educator is pivotal: incentives should reward complaint-free persistency and client understanding, not just first-year premium, because credibility is the primary conduit to trust and, ultimately, purchase [5, 6]. Third, constructing value through affordability alignment tiered premium ladders, salary-cycle auto-debit, micro-top-ups, and cash-flow-sensitive grace periods ensures affordability feeds perceived value rather than remaining a blunt con-

straint [7]. Fourth, a hybrid channel strategy is warranted: digital interfaces deliver simplicity, quote clarity, and self-service for claims, while human advisors handle complex suitability and reassurance leveraging platform-based trust without abandoning the interpersonal assurances still sought for consequential financial decisions [3, 11]. Finally, social proof should be activated with integrity by engaging employers and community figures and, where appropriate, designing arisan-adjacent micro-products that complement rather than crowd out local risk-sharing practices [9, 16].

At the policy and market-design level, the pattern supports transparent-by-design templates for key facts, mandatory cooling-off periods, and public claims-performance dashboards at the insurer brand level to normalize expectations and dampen rumor-driven risk inflation. Bancassurance oversight should further clarify the division of responsibility between bank and insurer to prevent expectation mismatches that later erode institutional trust. Consumer-education initiatives that move beyond generic literacy to product-specific decoding how exclusions, riders, and claim documentation actually work are likely to yield larger behavioral dividends than broad awareness campaigns [10].

Several constraints temper interpretation. The design is cross-sectional and self-reported, which limits causal inference and leaves residual scope for common-method variance despite procedural separation and collinearity diagnostics [15, 17]. The setting South Sulawesi bancassurance prioritizes contextual realism but narrows generalizability. Future work could deploy field experiments that manipulate transparency (e.g., claim-SLA disclosures) to identify causal impacts on trust and conversion, test moderated mediation to see whether literacy conditions the strength of trust–purchase or transparency–value relationships, incorporate objective behavioral endpoints (issuance, lapse, claim outcomes) to triangulate self-reports, compare channel designs (pure digital vs. hybrid vs. agent-led) and frames (protection-first vs. investment-framed unit-linked), and examine invariance across urban–rural segments, prior bank relationships, and religious product preferences to refine external validity [14, 15]. Overall, the evidence positions trust as the gateway belief through which affordability and literacy become perceived value, and perceived value becomes purchase implying that growth in this market is less about price discounting and more about credible people, clear promises, and claim performance delivered through a thoughtfully integrated hybrid channel [3, 5, 13, 12, 7, 8].

6 Conclusion

This study shows that life-insurance purchase in South Sulawesi is governed less by price points and more by a trust–risk–value logic that unfolds within a distinctive cultural and economic setting. Agent credibility is the most powerful upstream lever: when agents behave as competent, honest, and supportive educators, trust rises and the probability of purchase increases. Perceived risk particularly fears surrounding exclusions and claims erodes both trust and purchase, while perceived value converts clarified benefits and fit into commitment. Affordability and financial literacy matter chiefly because they build value (and, for literacy, also reduce perceived risk), affordability alone does not reliably translate into purchase unless the value proposition is made legible. Subjective norms add a modest, enabling push, consistent with dense social networks and the prominence of arisan as an alternative, community-anchored financial mechanism.

Managerially, the results support a sequenced playbook. First, adopt radical transparency plain-language key facts, standardized disclosure of exclusions and waiting periods, and communicated claim service-level commitments to directly address the risk–trust bottleneck. Second, re-professionalize agents as financial educators, aligning incentives to complaint-free persistency and verified client understanding rather than first-year premium alone. Third, construct value through affordability alignment tiered premium ladders, payroll-cycle auto-debit, micro-top-ups, and grace-period design so that price becomes a facilitator of value rather than a blunt constraint. Fourth, deploy a hybrid channel: use digital for simplicity, quote clarity, and self-service claims, while preserving human advice for suitability, reassurance, and complex cases. Finally, en-

gage community employers and local leaders to carry credible social proof, and explorisan-complementary micro-products that respect local practices while providing for- mal protection the informal system cannot.

For policy and market design, the evidence supports transparent-by-design templates for key information, cooling-off periods, and public claims-performance dashboards at the brand level, alongside targeted financial-literacy programs that teach consumers how exclusions, riders, and claims actually work. These measures standardize trust scaffolding in a market shaped by legacy scandals and skepticism, and they create conditions under which affordability and literacy can be converted into perceived value and, ultimately, protection.

Limitations include the cross-sectional, self-report design and the single-province, bancassurance focus. Future work should test causal interventions (e.g., transparency prompts or claims-SLA disclosures), examine moderated mediation (e.g., whether literacy strengthens the trust–purchase link), incorporate objective behavioral endpoints (issuance, lapse, and claim outcomes), and compare channel and framing strategies (protection-first vs. investment-framed unit-linked). Even with these caveats, the central message is robust: in South Sulawesi’s high-inclusion/low-literacy environment, growth will follow from credible people, clear promises, and reliable claims delivered through a thoughtfully integrated hybrid channel converting access to finance into durable household resilience while improving commercial performance.

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