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An Analysis of the Determinants of Community Participation in Sharia Insurance in North Padang Lawas Regency

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Abstract

This study aims to analyze the determinants of community participation in Islamic insurance (takaful) in Padang Lawas Utara Regency. The factors examined include Islamic financial literacy, trust, socioeconomic conditions, access to information and socialization, education level, and geographical conditions. This study employed a quantitative approach involving 32 questionnaire indicators. The sample consisted of 160 respondents, determined using a ratio of five respondents for each indicator (32 × 5), which is considered adequate for multivariate analysis. Data were collected through likert-scale questionnaires and analyzed using multiple linear regression with SPSS. The results indicate that all independent variables have a positive and significant effect on community participation, both partially and simultaneously. Geographical conditions are the most dominant variable, with Beta = 0.275 and t = 4.517. Simultaneously, the six variables explain 76.7% of the variation in community participation (R^2 = 0.767; F = 84.007; Sig. 0.000). This study recommends improving islamic financial literacy, expanding digital-based services, and strengthening infrastructure in remote areas to increase community participation in Islamic insurance in padang lawas utara regency.

Keywords Community Participation; Islamic Insurance; Islamic Financial Literacy; Trust; Geographical Conditions; Multiple Linear Regression

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1. INTRODUCTION

Sharia insurance is a financial instrument based on Islamic principles that serves as a risk protection mechanism through the concept of mutual aid (ta'awun) (Afiifah & Prajasar, 2022). The Sharia insurance industry in Indonesia has continued to grow, in line with increasing public awareness of Sharia financial products (Otoritas Jasa Keuangan, 2023). However, public participation in Sharia insurance remains relatively low, particularly in regions with a Muslim-majority population, including North Padang Lawas Regency (W & Ashari, 2024). North Padang Lawas Regency has great potential for the development of sharia insurance, both in terms of population size and the socio-religious characteristics of its community. According to data from the Central Statistics Agency, the population of North Padang Lawas Regency stands at 285,659 (Badan Pusat Statistik Kabupaten Padang Lawas Utara, 2023), with the majority of residents being Muslim. Nevertheless, this demographic potential has not yet been matched by the level of public participation in sharia insurance products. According to data from the Financial Services Authority (Otoritas Jasa Keuangan, 2023), the national penetration rate for sharia insurance remains below 1%, indicating that even in predominantly Muslim areas such as North Padang Lawas Regency, the potential pool of served participants remains very limited. Although the national level of Islamic financial literacy has reached 43.42%, the inclusion rate stands at only 13.41% (Otoritas Jasa Keuangan, 2023). This situation indicates a significant gap between public understanding of and actual use of sharia insurance products.

Although the national Islamic financial literacy index has reached 43.42%, the Islamic financial inclusion rate remains only 13.41%, indicating a gap between public knowledge and the actual use of Islamic financial products. This gap is likely to be greater in rural areas such as North Padang Lawas Regency, where access to Islamic financial services and supporting infrastructure is limited. Previous studies suggest that Islamic financial inclusion is influenced not only by financial literacy but also by infrastructure, product accessibility, institutional support (Ali et al., 2021), and geographical accessibility, highlighting the need for both demand-side and supply-side interventions (Ali et al., 2020).

Previous studies have identified several factors influencing community participation in sharia insurance. The Financial Services Authority reports that the relatively low level of Islamic financial literacy contributes to the limited utilization of Islamic financial products Similarly, W & Ashari (2024) found that community participation is affected by internal factors, such as financial literacy and religiosity, as well as external factors, including marketing strategies and service quality. In addition, risk awareness (Harahap & Zainarti, 2025), public trust in sharia insurance institutions (Pulungan & Daulay, 2024), and risk perception (Badriatin et al., 2022) also influence individuals' willingness to participate in sharia insurance. Socioeconomic conditions, particularly income, education, and employment, further determine individuals' ability to purchase insurance, with economic constraints remaining a major barrier to participation (Nasrifah, 2025).

Access to information and outreach also play an important role in increasing community participation by improving public understanding of sharia insurance products (Otoritas Jasa Keuangan, 2023). However, limited outreach and inadequate product knowledge continue to reduce public interest in sharia insurance (Maliana, 2025). In this regard, sharia insurance agents serve not only as marketers but also as educators who facilitate public understanding of insurance products (Vientiany et al., 2024; Tamara et al., 2022). Furthermore, educational attainment positively influences participation (Wati et al., 2022), while geographical barriers, including long distances and limited infrastructure, reduce access to sharia insurance services in rural areas (Muksal et al., 2023).

These issues are particularly relevant in North Padang Lawas Regency, where uneven infrastructure, hilly terrain, and relatively low educational attainment limit public access to and understanding of sharia insurance (Muksal et al., 2023; Wati et al., 2022). Inadequate infrastructure further constrains financial inclusion by reducing service accessibility (Fitriani & Hukmi, 2025). In the context of North Padang Lawas Regency, inadequate infrastructure further limits public access to sharia insurance services, especially for communities living in remote areas. Consequently, infrastructure development is an important supporting factor in expanding financial inclusion and increasing community participation in sharia insurance.

Unlike previous studies, which generally identify Islamic financial literacy or trust as the primary determinants of participation in Islamic financial products, this study proposes that geographical conditions may play a more decisive role in influencing community participation in sharia insurance, particularly in rural areas. By examining the case of North Padang Lawas Regency, this research contributes to the literature by highlighting that physical accessibility and regional infrastructure can become more influential than individual cognitive factors in shaping participation in sharia insurance. Therefore, this study provides empirical evidence that financial inclusion strategies in rural areas should not only emphasize financial education but also improve service accessibility and supporting infrastructure.

This study adopts Consumer Behavior Theory proposed by Kotler and Keller as the main theoretical framework to explain community participation in sharia insurance. According to this theory, purchasing or participation decisions are influenced by internal factors, such as knowledge, education, and trust, as well as external factors, including socioeconomic conditions, access to information, and environmental characteristics. Accordingly, this study classifies the determinants into two dimensions: internal factors (Islamic financial literacy, trust, and educational level) and external factors (socioeconomic conditions, access to information and socialization, and geographical conditions). This theoretical framework provides a comprehensive basis for explaining community participation in sharia insurance in North Padang Lawas Regency.

This study aims to analyze the determinants of community participation in sharia insurance in North Padang Lawas Regency, where the current participation level remains relatively low, including low sharia financial literacy, public trust in sharia insurance institutions, the community's socioeconomic conditions, access to information and outreach regarding sharia insurance products, as well as educational levels and geographic conditions. This study was conducted using a quantitative approach. By collecting primary data from community respondents and analyzing it using statistical methods, this study aims to identify the factors that have a significant influence on the level of community participation. The results of this study are expected to serve as a basis for Islamic insurance institutions, local governments, and other stakeholders in formulating strategies to increase participation and develop Islamic insurance in North Padang Lawas Regency.

2. METHODS

This study employs a quantitative approach with the aim of analyzing the influence of various factors on the level of community participation in sharia insurance in North Padang Lawas Regency. The research location was selected because the majority of its population is Muslim, yet the level of participation in sharia insurance remains low. The study population consists of the entire community of North Padang Lawas Regency, totaling 285,659 people. There are 32 indicators in this study. The sample size was determined using Green's (1991) rule for multiple linear regression, namely:

$$\mathbf{N \geq 50 + 8m}$$

Where *m* represents the number of independent variables. Since this study includes six independent variables, the minimum required sample is:

$N \geq 50 + (8 \times 6) = 98$ respondents.

Therefore, the use of 160 respondents exceeds the minimum requirement and provides sufficient statistical power for multiple linear regression analysis. The data used consists of quantitative data sourced from both primary and secondary sources. Primary data was obtained by distributing questionnaires to respondents using a Likert scale, while secondary data was obtained from official reports such as those from the Central Statistics Agency (BPS), the Financial Services Authority (OJK), and scientific journals.

The research variables consist of dependent and independent variables. The dependent variable was community participation, while the independent variables included Islamic financial literacy, trust, socioeconomic conditions, access to information, educational level, and geographical conditions. Multiple linear regression analysis, validity and reliability tests, and traditional assumption tests (normality, multicollinearity, and heteroscedasticity) were all performed using SPSS. The t-test, F-test, and coefficient of determination (R2) were used for hypothesis testing.

3. FINDINGS AND DISCUSSION

This study examines the determinants of community participation in sharia insurance among residents of North Padang Lawas Regency. The study population consisted of 160 respondents, and the variables tested were Sharia Financial Literacy, Trust, Socioeconomic Conditions, Access to Information and Outreach, Educational Level, Geographic Conditions, and Community Participation. The respondents in this study were residents of North Padang Lawas Regency who had received a questionnaire from the researcher.

Data Quality Test

Validity Test

This validity test is used to assess whether a questionnaire is valid or not. A statement can be considered valid if the calculated r-coefficient is higher than the table value for the r-coefficient, meaning the calculation result is considered positive. The table value of r (Rtabel) for the population in this study, consisting of 160 respondents, with a significance level of 5% and df = n-2, is 0.1553 (since df = 160-2 = 158). Therefore, if the calculated r (Rhitung) is greater than the table value of r (Rtabel) (0.1553), the statement is deemed valid.

Table 1. Validity Test Results

Variable	Statement Item	*Pearson Correlation*	Results
Financial literacy and Sharia insurance (X1)	1	0,801	Valid
	2	0,849	Valid
	3	0,846	Valid
	4	0,810	Valid
	5	0,826	Valid
Trust in Sharia insurance institutions (X2)	1	0,826	Valid
	2	0,892	Valid
	3	0,822	Valid
	4	0,857	Valid
	5	0,807	Valid
Socioeconomic conditions of the community (X3)	1	0,851	Valid
	2	0,882	Valid
	3	0,851	Valid
	4	0,857	Valid
	5	0,811	Valid
Access to information and outreach regarding Sharia insurance products (X4)	1	0,803	Valid
	2	0,795	Valid
	3	0,800	Valid
	4	0,842	Valid
	5	0,752	Valid
Level of education (X5)	1	0,773	Valid
	2	0,821	Valid
	3	0,837	Valid
	4	0,788	Valid
Geographic conditions (X6)	1	0,812	Valid
	2	0,754	Valid
	3	0,859	Valid
	4	0,756	Valid
Community participation (Y)	1	0,757	Valid
	2	0,884	Valid
	3	0,913	Valid
	4	0,866	Valid

Source: SPSS Data Analysis Results, 2026

Based on the validity test results in Table 1, the r coefficient value exceeds the table value—namely, 0.1553—which means the statement can be considered valid.

Reliability Test

This test was conducted to assess the consistency and stability of respondents' answers to questions related to the questionnaire's content. A question can be considered reliable if the Cronbach's alpha coefficient is greater than 0.60.

Table 2. Reliability Test Results

Variable	Cronbach's Alpha	N of Items	Description
X1	0,884	5	Reliabel
X2	0,896	5	Reliabel
X3	0,904	5	Reliabel
X4	0,853	5	Reliabel
X5	0,816	4	Reliabel
X6	0,805	4	Reliabel
Y	0,879	4	Reliabel

Source: SPSS Data Analysis Results, 2026

Based on the results of the reliability test in Table 2, all research variables—namely X1, X2, X3, X4, X5, X6, and Y—have Cronbach's Alpha values above 0.80. Thus, it can be concluded that all instruments in this study are reliable and suitable for data collection.

Classical Assumption Tests

1. Normality Test

The normalcy test is conducted using the Kolmogorov-Smirnov test. The residuals of a good regression model are regularly distributed. The normality test's fundamental requirement is that the data are regularly distributed if the significance value is greater than 0.05. In contrast, the data are not regularly distributed if the significance value is less than 0.05.

Table 3. Results of the Normality Test

One-Sample Kolmogorov-Smirnov Test			
			Unstandardized Residual
N			160
Normal Parameters[a,b]	Mean		.0000000
	Std. Deviation		1.97921232
Most Extreme Differences	Absolute		.034
	Positive		.033
	Negative		-.034
Test Statistic			.034
Asymp. Sig. (2-tailed)[c]			.200[d]
Monte Carlo Sig. (2-tailed)[e]	Sig.		.925
	99% Confidence	Lower	.919

	Interval	Bound	
		Upper Bound	.932
a. Test distribution is Normal.			
b. Calculated from data.			
c. Lilliefors Significance Correction.			
d. This is a lower bound of the true significance.			
e. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 2000000.			

Source: SPSS Data Analysis Results, 2026

Based on Table 3, the Asymp. Sig. (2-tailed) value of 0.200 is greater than 0.05; therefore, it can be concluded that the residuals are normally distributed and the assumption of normality is met

2. Multicollinearity Test

To ascertain whether the independent variables in the regression model have strong linear correlations, a multicollinearity test was performed. The following are the testing criteria: Multicollinearity is considered to be absent if the tolerance value is greater than 0.10 and the VIF is less than 10.

Table 4. Results of the Multicollinearity Test

Coefficients[a]			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Literacy	.541	1.848
	Trust	.393	2.545
	Socioeconomic conditions	.610	1.640
	Access to information and outreach	.419	2.388
	Level of education	.538	1.860
	Geographic conditions	.409	2.443
a. Dependent Variable: Community participation			

Source: SPSS Data Analysis Results, 2026

Table 4 shows that all independent variables have VIF values less than 10 and tolerance values greater than 0.10. Therefore, it can be said that the independent variables in this regression model do not exhibit multicollinearity.

3. Heteroscedasticity Test

This test is used to determine whether there is unequal variance in the residuals at various levels of the independent variables in the regression model.

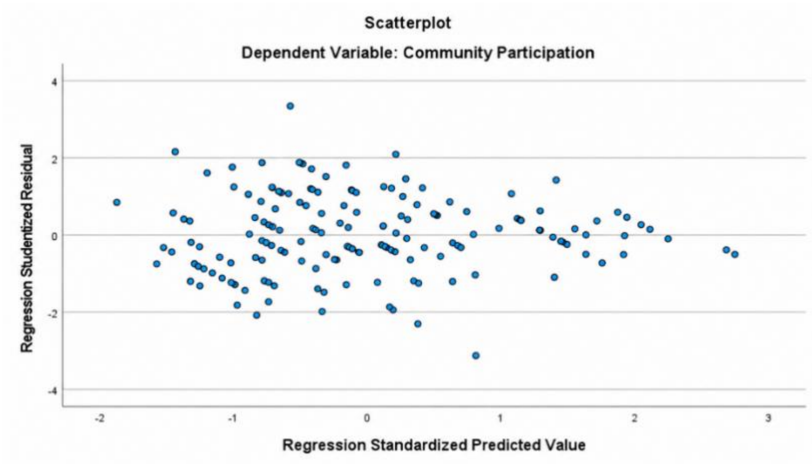

Figure 1. Heteroscedasticity Test

The results of the author's heteroscedasticity test demonstrate that the data points are dispersed randomly and lack any discernable pattern, as seen in Figure 1. Thus, it may be said that there is no evidence of heteroscedasticity in this study.

Multiple Linear Regression Test

1. Model Test

The coefficient of determination, R^2, is used to measure the percentage of variation in the dependent variable explained by the independent variables taken together.

Table 5. Results of the Coefficient of Determination (R^2) Test

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.876[a]	.767	.758	2.018
a. Predictors: (Constant), Geographic conditions, Literasi, Socioeconomic conditions, Level of education, Access to information and outreach, Trust				
b. Dependent Variabel: Community Participation				

Source: SPSS Data Analysis Results, 2026

Based on Table 5, the R-squared value was found to be 0.767, or 76.7%. This means that the variables Literacy (X1), Trust (X2), Socioeconomic Status (X3), Access to Information and Socialization (X4), Educational Level (X5), and Geographic Conditions (X6) collectively account for 76.7% of the variation in Community Participation (Y), while the remaining 23.3% is explained by other factors not included in this research model.

2. t-Test

The t-test seeks to ascertain each independent variable's unique impact on the dependent variable. The independent variable significantly affects the dependent variable if the Sig. (p) value is less than

0.05. The independent variable does not significantly affect the dependent variable if the Sig. (p) value is ≥ 0.05.

Table 6. Results of the t-Test

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-9.321	1.021		-9.127	.000
	Literacy	.175	.063	.146	2.761	.006
	Trust	.226	.070	.201	3.228	.002
	Socioeconomic conditions	.144	.053	.137	2.742	.007
	Access to information and outreach	.210	.064	.198	3.288	.001
	Level of education	.225	.077	.157	2.942	.004
	Geographic conditions	.346	.077	.275	4.517	.000
a. Dependent Variable: Community Participation						

Source: SPSS Data Analysis Results, 2026

Based on the table above, the multiple linear regression equation can be expressed as follows :

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + e$$

$$Y = -9.321 + 0.175X_1 + 0.226X_2 + 0.144X_3 + 0.210X_4 + 0.225X_5 + 0.346X_6 + e$$

$$(2.761) \quad (3.228) \quad (2.742) \quad (3.288) \quad (2.942) \quad (4.517)$$

The following results explain the regression equation :

a) A constant value of -9.321 means that if the variables Sharia Financial Literacy (X1), Trust (X2), Socioeconomic Conditions (X3), Access to Information and Outreach (X4), Educational Level (X5), and Geographic Conditions (X6) are held constant, the value of Y (community participation) is -9.321

b) A regression coefficient of 0.175X1 means that a 1% increase in X1 will increase the value of Y by 0.175. The t-value of 2.761 is greater than the t-table value (1.654), and the significance level of 0.006 < 0.05, indicating that the result is significant. This means the hypothesis that there is a significant relationship between X1 and Y can be accepted.

c) The regression coefficient for X2 is 0.226, meaning that a 1% increase in X2 will increase the value of Y by 0.226. The calculated t-value of 3.228 is greater than the table t-value (1.654), and the significance value of 0.002 < 0.05, indicating that the result is significant. This means that the hypothesis that there is a significant relationship between X2 and Y can be accepted.

d) The regression coefficient of 0.144 for X3 means that a 1% increase in X3 will increase the value of Y by 0.144. The calculated t-value of 2.742 is greater than the critical t-value (1.654), and the p-value of 0.007 is less than 0.05, indicating the result is significant. This means that the hypothesis that there is a significant relationship between X3 and Y is accepted

e) A regression coefficient of 0.210 for X4 means that a 1% increase in X4 will increase the value of Y by 0.210. The calculated t-value of 3.288 is greater than the critical t-value (1.654), and the significance level of 0.001 < 0.05, indicating that the result is significant. This means the hypothesis that there is a significant relationship between X4 and Y can be accepted.

f) The regression coefficient of 0.225 for X5 means that a 1% increase in X5 will increase the value of Y by 0.225. The calculated t-value of 2.942 is greater than the critical t-value (1.654), and the p-value of 0.004 < 0.05, indicating that the result is significant. This means that the hypothesis that there is a significant relationship between X5 and Y can be accepted.

g) A regression coefficient of 0.346 for X6 means that a 1% increase in X6 will increase the value of Y by 0.346. The calculated t-value of 4.517 is greater than the table t-value (1.654), and the significance value of 0.000 < 0.05, indicating that the result is significant. This means that the hypothesis stating there is a significant relationship between X6 and Y is accepted. The Geographic Conditions variable (X6) is the most dominant variable influencing Community Participation, with the highest beta value of 0.275 and the largest calculated t-value of 4.517 compared to the other independent variables.

3. Simultaneous Test (F)

To ascertain whether all independent factors taken together (simultaneously) have a substantial impact on the dependent variable, the F-test is employed. The test criterion states that all independent variables have a significant simultaneous effect if the Sig. value is less than 0.05.

Table 7. Results of the F-Test

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2051.896	6	341.983	84.007	.000[b]
	Residual	622.848	153	4.071		
	Total	2674.744	159			
a. Dependent Variable: Community Participation						
b. Predictors: (Constant), Geographic conditions, Literasi, Socioeconomic conditions, Level of education, Access to information and outreach, Trust						

Source: SPSS Data Analysis Results, 2026

Based on Table 7, the calculated F-value is 84.007 with a significance level (Sig.) of 0.000 < 0.05. Thus, it can be concluded that literacy, trust, socioeconomic conditions, access to information and socialization, educational level, and geographic conditions simultaneously have a significant effect on community participation (Y).

The Effect of Sharia Financial Literacy (X1) on Community Participation (Y)

The Sharia Financial Literacy (X1) variable has a regression coefficient of 0.175, a t-value of 2.761, and a significance level of 0.006, according to the multiple linear regression analysis results. Sharia Financial Literacy has a positive and statistically significant partial effect on community involvement in Sharia insurance in North Padang Lawas Regency, as indicated by the significance level of 0.006 being smaller than 0.05. These findings align with the definition of financial literacy given in the literature review, which is the ability to manage and use financial resources in a way that maximizes advantages (Nesneri et al., 2023). Financial literacy is not only related to an individual’s ability to understand basic financial concepts but also encompasses the ability to manage finances, understand risks, and make rational and well-planned financial decisions (Financial Services Authority, 2023). Furthermore, understanding sharia principles refers to an individual's ability to comprehend and apply Islamic legal principles governing economic transactions, including the prohibition of *riba*, *gharar*, and *maysir* in financial activities (Fahmi et al., 2025).

Such understanding strengthens Islamic financial literacy because it enables individuals to distinguish sharia-compliant financial products from conventional ones and increases confidence in participating in sharia insurance. The higher the level of Islamic financial literacy among the residents of North Padang Lawas Regency, the higher their level of participation in the use of Islamic insurance products. Financial literacy which encompasses knowledge, skills, attitudes, and an understanding of Sharia principles has proven to be a crucial foundation for encouraging the public to actively participate in Islamic insurance. This is consistent with data (OJK, 2023) indicating that although national Islamic financial literacy has reached 43.42%, the inclusion rate stands at only 13.41%, suggesting that a gap still exists between understanding and the actual use of Islamic financial products.

These findings support the research (W & Ashari, 2024) which states that low public participation in sharia insurance is influenced, in part, by low financial literacy. Furthermore, this study is consistent with the assertion (Herry & Dewi, 2024) that financial knowledge serves as the foundation for individuals to make optimal financial decisions. Fundamental Islamic finance encompasses an understanding of the principles of a financial system that complies with Islamic law (Sharia), including the prohibition of excessive interest (riba), uncertainty (gharar), and gambling (maysir) in financial transactions, as these practices are not permitted in Islamic finance (Sasongko et al., 2024). Therefore, efforts to improve the Islamic financial literacy of the community in North Padang Lawas Regency must continue through structured and sustainable educational programs.

The Effect of Trust (X2) on Community Participation (Y)

According to the test results, the Trust variable (X2) has a regression coefficient of 0.226, a computed t-value of 3.228, and a significance level of 0.002. The Trust variable has a positive and statistically significant partial effect on community participation in sharia insurance in North Padang Lawas Regency because the significance level of 0.002 is smaller than 0.05. The regression coefficient of 0.226 indicates that a one-unit increase in public trust in sharia insurance institutions will increase community participation by 0.226 units. This finding is consistent with the theoretical framework stating that trust is a crucial factor influencing the public's decision to use financial products, including sharia insurance. Trust reflects the public's confidence in the integrity, transparency, and professionalism of the institution in managing participants' funds in accordance with sharia principles. Fund security refers to the condition in which customers' funds are protected from the risks of loss, misuse, and financial institution failure through effective supervision, regulatory frameworks, and risk management systems (Nurhaliza et al., 2025).

Based on the idea that the public has a right to know about the government's responsibility in resource management and its adherence to budgetary laws and regulations, financial transparency refers to the disclosure of honest and open financial information to the public. A budget is a financial description of the anticipated performance to be attained within a given time frame (Perangin-angin & Junaidi, 2025). This finding is consistent with the results of a study (N. I. Putri & Isnawati, 2025), which states that people tend to participate in sharia insurance if they believe that the funds they deposit are managed safely and provide clear benefits. (Bilah & Nasution, 2025) also emphasize that the level of trust reflects the extent of customers' confidence in the security, transparency, and reliability of sharia products. Therefore, sharia insurance institutions in North Padang Lawas Regency need to continue strengthening trust through transparent and accountable fund management in accordance with sharia principles.

The Effect of Socioeconomic Conditions (X3) on Community Participation (Y)

The Socioeconomic Conditions variable (X3) had a regression coefficient of 0.144, a t-value of 2.742, and a significance level of 0.007, according to the analysis results. It may be inferred that socioeconomic circumstances have a favorable and statistically significant partial impact on community involvement in sharia insurance in North Padang Lawas Regency because the significance threshold of 0.007 is less than 0.05.

Although the coefficient value for this variable is the smallest among all independent variables (0.144), it still indicates a significant effect. This is consistent with the theory that the socioeconomic conditions of the community including income level, job stability, financial capacity, and spending priorities help determine the community's ability and willingness to participate in sharia insurance. The majority of the population in North Padang Lawas Regency, who work in the agricultural sector with fluctuating incomes, tend to prioritize meeting basic needs over long-term protection such as insurance.

The results of this study are consistent with the findings of (Nasrifah, 2025), which state that economic constraints are the main barrier to increasing public participation in Islamic financial products. (Otoritas Jasa Keuangan, 2024) also emphasizes that unstable employment, particularly in the informal sector, leads to income uncertainty, thereby reducing public interest in insurance. Therefore, sharia insurance products with affordable and flexible premiums are needed to reach all segments of society, including those in the lower-middle economic bracket.

The Effect of Access to Information and Outreach (X4) on Community Participation (Y)

The variable Access to Information and Outreach (X4) has a regression coefficient of 0.210, a computed t-value of 3.288, and a significance level of 0.001, according to the t-test results. The variable "Access to Information and Socialization" has a positive and statistically significant partial effect on community involvement in sharia insurance in North Padang Lawas Regency because the significance threshold of 0.001 is smaller than 0.05. The relatively large calculated t-value of 3.288 indicates that access to information and outreach play a very important role in encouraging community participation. These results align with the theory that access to information reflects the community's ability to obtain information regarding sharia insurance products, benefits, mechanisms, and principles through various channels, such as financial institutions, insurance agents, and digital media.

The easier it is for the public to access information about Islamic insurance products and the more intensive the outreach activities conducted, the higher the level of public participation. Understanding insurance products refers to an individual's ability to recognize, understand, and interpret information related to insurance products, including their benefits, risks, and operational mechanisms, so that such knowledge can serve as the basis for making appropriate financial decisions (R. D. Putri & Zainarti, 2025). Therefore, improving public understanding of sharia insurance products through effective information dissemination and education is essential to encourage greater community participation. In the context of North Padang Lawas Utara, access to information remains relatively limited due to geographical conditions, infrastructure constraints, and limited technological development. As a result, many community members have insufficient understanding of the basic concepts of sharia insurance, such as the principles of ta'awun and tabarru' fund management, which ultimately contributes to low participation (Fitriah et al., 2025).

Information access refers to the process, ability, or opportunity to locate, obtain, and utilize data or information through various channels, including physical, electronic, and interpersonal means, to fulfill information needs and support decision-making. Information access encompasses both online and offline methods (Sari et al., 2024). These findings support a study (Maliana, 2025) that found the public tends to have a lower preference for sharia insurance due to a lack of outreach and limited understanding of the products' characteristics. (Salsabila & Mursidin, 2025) also emphasize that outreach is an educational effort proven to increase public literacy and interest in sharia financial products. Therefore, it is imperative that sharia insurance institutions, local governments, and community organizations in North Padang Lawas Regency increase the intensity of their outreach efforts.

The Effect of Educational Level (X5) on Community Participation (Y)

The Educational Level variable (X5) had a regression coefficient of 0.225, a computed t-value of 2.942, and a significance level of 0.004, according to the analysis results. In North Padang Lawas Regency, educational level has a favorable and statistically significant partial impact on community participation in sharia insurance because the significance threshold of 0.004 is less than 0.05. A coefficient value of 0.225 indicates that the higher the community's educational level, the greater their participation in sharia insurance. This finding aligns with the theory that educational level is a key factor influencing an individual's ability to understand information and make decisions, including regarding the use of financial products such as sharia insurance. Individuals with higher levels of education tend to be better able to understand risk management concepts, plan for long-term financial goals, and assess the benefits of financial products such as sharia insurance.

Conversely, people with low levels of education generally have limited understanding and therefore tend to view sharia insurance as a non-priority need. The highest level of education refers to the highest level of formal education that an individual has completed, reflecting their educational background, knowledge, skills, and ability to understand and make decisions in various aspects of life (Putri & Isnawati, 2025). These findings are consistent with a study (Wati et al., 2022) that confirms that educational level is positively correlated with participation in insurance programs; the higher a person's educational level, the greater their ability to understand the importance of risk management through insurance instruments. (Salsabila & Mursidin, 2025) also state that the higher a person's educational level, the better their understanding of the concepts and benefits of financial products. Therefore, efforts to improve the quality of education in North Padang Lawas Regency—where the average educational level remains at the lower-secondary level—must continue as part of a long-term strategy to increase public participation in sharia insurance.

The Effect of Geographic Conditions (X6) on Community Participation (Y)

The test results show that the Geographic Conditions variable (X6) has a regression coefficient of 0.346, a t-value of 4.517, and a significance level of 0.000. Since the significance value of 0.000 is less than 0.05, Geographic Conditions have a positive and statistically significant partial effect on Community Participation in sharia insurance in North Padang Lawas Regency. The Geographic Conditions variable is the most dominant variable in this study, as indicated by the highest beta coefficient of 0.275 and the largest t-value of 4.517 compared to the other independent variables. This indicates that the geographic conditions of North Padang Lawas Regency—which is predominantly rural with hilly terrain and uneven infrastructure significantly determine the level of community participation. This finding aligns with the theory that geographic conditions are one of the factors influencing the public's access to financial services, including sharia insurance. Geographic conditions encompass regional location, distance, infrastructure, and ease of transportation access, all of which can determine the reach of financial services to the public. Limited transportation access, long distances to financial institutions, and inadequate digital infrastructure make it difficult for people in remote areas to access sharia insurance services.

These findings are consistent with a study (Muksal et al., 2023) that found that geographical factors namely, distance and infrastructure limitations in remote areas significantly hinder the public's access to sharia insurance services, resulting in districts far from urban centers tending to have lower participation rates. The finding that geographical conditions emerged as the most dominant determinant is particularly important because it differs from many previous studies, which generally identify Islamic financial literacy or trust as the primary determinants of participation in Islamic financial services. In the context of North Padang Lawas Regency, this result reflects the reality that physical accessibility remains a greater barrier than cognitive factors. The regency is characterized by dispersed settlements, hilly terrain, and uneven transportation and telecommunication infrastructure, making access to Islamic insurance providers more difficult. Consequently, even individuals with adequate financial literacy and trust in Islamic insurance may still face practical barriers to participation due to long travel distances, limited insurance offices or agents, and inadequate digital connectivity.

This finding suggests that improving financial literacy alone is insufficient to increase participation unless it is accompanied by improved physical accessibility, expanded community-based insurance agents, and stronger digital infrastructure in rural areas. (Harianja et al., 2024) also emphasize that limited digital infrastructure poses a barrier to the use of technology-based financial services. Thus, the utilization of digital technology (insurtech) and the expansion of the sharia insurance agent network to remote areas in North Padang Lawas Regency represent strategic solutions that need to be implemented immediately to overcome these geographical barriers.

The Simultaneous Effect of All Variables on Community Participation (Y)

The computed F-value was 84.007 with a significance level of 0.000 < 0.05 based on the F-test findings. This shows that community participation in Sharia insurance in North Padang Lawas Regency is positively and significantly impacted by all independent variables, including Sharia Financial Literacy (X1), Trust (X2), Socioeconomic Conditions (X3), Access to Information and Outreach (X4), Educational Level (X5), and Geographic Conditions (X6).

The very large calculated F-value of 84.007 reflects that the regression model developed is very strong and suitable for explaining why community participation in sharia insurance remains relatively low. Additionally, an R-squared value of 0.767, or 76.7%, was obtained based on the coefficient of determination (R^2) test findings. This indicates that 76.7% of the variation in community participation in sharia insurance can be described by the six independent variables in this study, with the remaining 23.3% coming from characteristics not included in the model, such as culture, religion, product perception, and other psychological factors.

The high R^2 value of 76.7% indicates that this research model is highly relevant and comprehensive in explaining the determinants of low public participation in sharia insurance in North Padang Lawas Regency. These findings confirm that low public participation is a multidimensional issue, influenced simultaneously by factors such as financial literacy, trust, socioeconomic conditions, access to information and outreach, educational attainment, and geographic conditions. Therefore, an integrated and comprehensive approach involving all stakeholders—including sharia insurance institutions, local governments, educational institutions, and community organizations—is needed to promote a sustainable increase in community participation in sharia insurance in North Padang Lawas Regency.

4. CONCLUSION

Based on the results of multiple linear regression analysis involving 160 respondents, this study concludes that Sharia Financial Literacy, Trust, Socioeconomic Conditions, Access to Information and Outreach, Educational Level, and Geographic Conditions each have a positive and significant effect on community participation in sharia insurance in North Padang Lawas Regency. Simultaneously, these six variables also significantly influence community participation, indicating that participation in sharia insurance is determined by the interaction of individual, social, and environmental factors. Among these variables, Geographic Conditions are the most dominant determinant, demonstrating that physical accessibility, transportation infrastructure, and the availability of sharia insurance services play a more decisive role than cognitive factors such as financial literacy and trust. Furthermore, the coefficient of determination shows that the six independent variables explain 76.7% of the variation in community participation, while the remaining 23.3% is influenced by other factors beyond the scope of this study.

These findings suggest that increasing community participation in sharia insurance requires an integrated strategy that combines improvements in Islamic financial literacy, institutional trust, socioeconomic empowerment, effective information dissemination, educational attainment, and geographical accessibility. Accordingly, sharia insurance companies should expand community-based marketing strategies by increasing the number of local agents, collaborating with village leaders, religious figures, and Islamic community organizations, and providing mobile service units to reach remote areas. In addition, the Financial Services Authority (OJK) and local governments should strengthen Islamic financial inclusion through integrated education and outreach programs, optimize the role of Sharia Laku Pandai agents and local Islamic financial institutions, and improve transportation and digital infrastructure to reduce geographical barriers. Future studies are also encouraged to examine additional determinants, such as religiosity, perceived risk, digital financial literacy, and cultural factors, while employing more comprehensive analytical approaches, including Structural Equation Modeling (SEM) or mixed-methods research, to provide a deeper understanding of community participation in sharia insurance.

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