INTERNATIONAL JOURNAL OF ACADEMIC RESEARCH IN ACCOUNTING, FINANCE AND MANAGEMENT SCIENCES

OPEN ACCESS JOURNAL

Vol 15, Issue 4, (2025) E-ISSN: 2225-8329

Financial Self-Efficacy and Attitude as Drivers of Participation Intention in Islamic Protection and Savings Insurance: Evidence from Saudi Household Workers

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DOI Link: http://dx.doi.org/10.6007/IJARAFMS/v15-i4/26793

Published Online: 04 November 2025

Abstract

This study investigates the psychological, religious, and financial determinants that influence the intention to participate in Islamic Protection and Savings (P&S) insurance among employed Saudi households. It also examines the mediating role of attitude in the relationship between financial self-efficacy (FSE) and behavioral intention. Drawing on the extended theory of planned behavior, data were analyzed using SmartPLS 4.1.1 to test the proposed relationships. The research model incorporated three principal predictors of Financial Self-Efficacy (FSE)—religious obligation, subjective financial knowledge, and trust in insurance companies—and evaluated the mediating role of attitude in the relationship between FSE and the intention to participate. The findings indicate that attitude is the most significant predictor of behavioral intention, suggesting that individuals with a more favorable attitude toward Islamic P&S insurance are more likely to participate. Financial self-efficacy was found to indirectly influence intention through attitude, highlighting the importance of psychological confidence in shaping behavioral outcomes. Among the antecedents of FSE, religious obligation emerged as the strongest factor, followed by trust in insurance companies and subjective financial knowledge. These results provide meaningful implications for policymakers and insurance providers by emphasizing the need to strengthen positive attitudes and financial confidence through initiatives rooted in religious values and trust-based strategies. Overall, this study contributes to the existing literature by extending the Theory of Planned Behavior to the domain of Islamic insurance, identifying the critical psychological, religious, and financial pathways that shape participation intentions in the Saudi context.

Keywords: Islamic Insurance, Financial Self-Efficacy, Attitude, Intention, Religious Obligation, Saudi Arabia

Introduction

Understanding the psychological and financial factors that shape individuals' intention to participate in Islamic financial products is key to encouraging inclusive financial behavior.

Within this domain, Islamic Protection and Savings (P&S) insurance plays a vital role as a Shariah-compliant alternative to conventional life insurance, designed to enhance financial security and long-term savings. Nevertheless, despite its potential, demand for P&S insurance among Saudi household workers remains relatively low, so it's important to explore the psychological and financial mechanisms influencing participation.

Financial Self-Efficacy (FSE)—a key construct in Bandura's Social Cognitive Theory—refers to individuals' confidence in their ability to manage financial decisions and achieve desired outcomes. High FSE has been shown to improve saving behavior (Lown et al., 2015) and financial well-being (Lone & Bhat, 2022). In the context of Islamic finance, individuals with stronger FSE are more likely to develop a positive attitude toward financial products, which, according to the Theory of Planned Behavior (Ajzen, 1991), can enhance their intention to participate in such products.

Despite the Saudi insurance sector's remarkable expansion under Vision 2030—with gross written premiums increasing from 22.6 billion riyals in Q1 2024 to 26 billion in Q1 2025 (Saudi Insurance Authority, 2025)—the share of P&S insurance remains small, despite doubling from 1.1 billion to 2.3 billion riyals. Unlike mandatory health and motor insurance, participation in P&S insurance is voluntary, which makes understanding intention and its psychological antecedents even more critical.

While previous studies have examined behavioral intention toward Islamic financial products through the Theory of Planned Behavior (ex. Husin & Ab Rahman, 2016; Raza et al., 2019), few have explored the underlying psychological mechanisms that build financial abilities in this context. Research on Financial Self-Efficacy has primarily focused on its outcomes, such as saving or investment behavior (Farrell et al., 2016; Lown et al., 2015), with limited attention to its determinants—particularly within Islamic or insurance-related domains (Alsahliy & Husin,2023). Moreover, the potential influence of trust in insurance companies, religious obligation, and subjective financial knowledge on FSE has rarely been investigated. This leaves a significant gap in understanding how these factors jointly shape individuals' perceived financial ability and, consequently, their intention to participate in Islamic P&S insurance. Addressing this gap can enrich both the theoretical and practical understanding of how psychological and financial factors influence household decision-making in Shariah-compliant insurance.

This study proposes that weak financial self-efficacy may partly explain the limited participation in Islamic P&S insurance among Saudi household workers. It examines how religious obligation, subjective financial knowledge, and trust in insurance companies act as key determinants of FSE, influencing individuals' attitudes and intentions to participate. Moreover, attitude is hypothesized to mediate the relationship between FSE and intention, reflecting the process by which confidence in financial capability fosters favorable perceptions that translate into action. By uncovering these relationships, this study lets us know how psychological and financial factors jointly shape household workers' participation in Islamic P&S insurance and offers tips for developing policies and financial education programs that strengthen engagement in Shariah-compliant savings solutions.

Theoretical Background

The theory of planned behavior (Ajzen, 1985) provides an excellent basis for understanding the decisions to participate in P&S insurance, particularly in the Islamic financial domain. The TPB originated from the theory of reasoned action (TRA) (Fishbein and Ajzen, 1975), which assumed that individuals consider the implications of their actions before they decide to engage in a particular behavior. Behavioral intention is the immediate antecedent of behavior and is influenced by two factors: attitude toward the behavior and subjective norm. Since the TRA doesn't work well when there isn't eager control over behavior, the TPB is a solution that holds that individual behavior is driven by behavioral intentions, where behavioral intentions are a function of not only the attitude and subjective norms but also the perceived behavioral control (Ajzen, 1985). This model says that to correctly predict behavior, you need to know how much control the person has over the behavior (Ajzen, 1987, 1991; Ajzen and Madden, 1986).

Ajzen (1987, 1991) and Ajzen and Madden (1986) developed Perceived Behavioral Control (PBC) as an indicator to assess the extent of an individual's control over the performance of a behavior. Self-efficacy, a fundamental component of Bandura's Social Cognitive Theory, denotes an individual's belief in their ability to successfully perform specific tasks (Bandura, 1997). Ajzen's initial Perceived Behavioral Control concept intrinsically encompassed self-efficacy. The PBC items evaluate an individual's sense of their control over behavior performance (perceived control), alongside additional items that measure the anticipated ease or difficulty of task completion (efficacy expectancies) (Ajzen, 1987, 1991; Ajzen & Madden, 1986). This provoked a debate about the clarity of the PBC's conceptual meaning. Taylor and Todd (1995) decomposed the Theory of Planned Behavior (TPB) and incorporated two belief dimensions into Perceived Behavioral Control, wherein Self-Efficacy (representing internal control) was amalgamated with Facilitating Conditions (reflecting external control). Researchers such as Akhtar and Das (2019) and Chan and Fishbein (1993) have contended that perceived behavioral control and self-efficacy are distinct constructs, emphasizing that the control of action differs from the perception of difficulty in performance. Research such as Terry and O'Leary (1995), Serido et al. (2013), and Parkinson et al. (2017) supports the notion that perceived behavioral control and self-efficacy are distinct constructs, which is advantageous for behavioral research. This research examines FSE, a particular form of self-efficacy pertinent to a certain domain, to identify the psychological aspects influencing the financial decisions of Saudi workers.

Hypothesis Development

Financial Self-Efficacy (FSE)

Bandura (1982, 1997) emphasizes that self-efficacy influences motivation, cognitive processing, and emotions. These states affect individuals' decisions to undertake certain actions and their resilience when facing challenges. Financial self-efficacy, defined as individuals' perceived ability to accomplish financial tasks, as outlined by Furreboe & Nyhus (2022), has been extensively examined as a predictor in numerous studies aiming to understand financial behavior. Research by Lown et al. (2014) and Copur and Gutter (2019) demonstrates that higher self-efficacy is correlated with an increased likelihood of savings. Additionally, Magendans et al. (2016) found a link between financial self-efficacy and the intention to save for a financial buffer. Kuhnen & Melzer (2018) observed that lower financial

self-efficacy is associated with a greater risk of financial distress and reduced efforts in preparing to avoid such distress. Therefore, the study hypothesizes that:
H1*: The* financial self-efficacy *positively influences the intention to participate in Islamic P&S insurance.*

The Mediation Role of Attitude

Financial Self-Efficacy reflects an individual's perceived ability to manage and control financial matters, which in turn shapes motivational and evaluative judgments about financial decisions (Bandura, 1997; Farrell et al., 2016). Within the Theory of Planned Behavior (TPB) framework, attitude toward a behavior is a proximal determinant of intention, representing an individual's overall positive or negative evaluation of performing that behavior (Ajzen, 1991). However, individuals with high FSE may not directly translate their confidence into behavioral intention unless this confidence influences how they feel about the behavior. Empirical research suggests that self-efficacy strengthens favorable attitudes by enhancing perceived control, optimism, and anticipated satisfaction associated with the behavior (Montford & Goldsmith, 2016; Fernandes et al., 2014). Consequently, financial self-efficacy exerts an indirect effect on behavioral intention through its impact on attitude formation.

In the context of Islamic protection & savings insurance, individuals who feel financially capable are more likely to perceive participation as a beneficial and manageable act aligned with their financial goals, thereby developing a positive attitude toward it. This positive attitude subsequently increases their willingness to engage in the product (Husin & Ab Rahman, 2016b; Raza et al., 2019). Prior studies in financial planning, saving, and investment behavior similarly confirm that attitude mediates the relationship between self-efficacy and behavioral intention (Putra & Antonio, 2021; Chan & Lay, 2021). Thus, in this study, attitude is expected to play a pivotal mediating role by channeling the influence of FSE into a stronger intention to participate in Islamic P&S insurance. Drawing on the above theoretical reasoning and empirical evidence, the following mediation hypothesis is formulated:
H2*: Attitude mediates the relationship between* financial self-efficacy *and the intention to participate in Islamic P&S insurance.*

Determinants of FSE

Although there has been substantial research on general self-efficacy, there is relatively little exploration of the specific determinants of FSE. Bandura's extensive work on self-efficacy concluded that both the efficacy belief and the sense of agency continue to develop throughout a person's life as they continually integrate information from five primary sources: performance experiences, others' successful experiences, imagining themselves behaving effectively or ineffectively, verbal persuasion, and emotional reactions to success or failure, along with the ability to regulate these emotions (Maddux & Volkmann, 2010; Muina-Lopez and Guidon, 2013; Gross, 2014). While these sources explain how self-efficacy develops in general, much less is known about what shapes financial self-efficacy (FSE) in the context of Islamic Protection & Savings (P&S) insurance. Existing studies often overlook how religious obligation, trust in insurance companies, and subjective knowledge of P&S insurance may influence FSE. These factors are relevant in Saudi Arabia, where religion, confidence in institutions, and personal understanding of financial products strongly guide household financial choices. The lack of research on these determinants highlights an important gap and

provides a basis for examining how they contribute to building FSE in the P&S insurance setting.

Religious Obligation & FSE

Religious obligation reflects the consumers' religiously motivated expectations that Islamic financial products and services are free from Riba (interest), Gharar (uncertainty), and other prohibited elements (Shaikh et al., 2019). Religiosity was found to affect self-efficaciousness (Abdel-Khalek and Lester, 2017). Jamshidi and Hussin (2018) additionally highlight that religious obligation encourages individuals to pursue the knowledge and resources necessary to perform behaviors aligned with Islamic principles, particularly in financial contexts such as the adoption of Islamic credit cards. A recent study by Maduku & Mbeya (2023) found a positive relationship between religious obligation and perceived behavioral control in the Islamic insurance domain. Accordingly, the following hypothesis is formulated:

H3*: The religious obligation positively influences the* financial self-efficacy.

Trust in Insurance Companies & FSE

Trust in insurance companies is defined as the extent to which individuals believe that insurance companies are dependable and can be relied upon to deliver on their promises (Hansen, 2012). Trust enhances formal savings behavior (Galiani et al., 2020; Baidoo & Akoto, 2019) and insurance participation (Guiso, 2012; Booth & Tranter, 2019). Trust serves as a psychological enabler by increasing individuals' confidence that financial institutions will act in their best interest. Conversely, low trust can undermine financial stability, reduce savings, erode loyalty, and weaken client engagement (Guiso, 2010; Stix, 2013; Park, 2020). Based on the arguments above, this study expects that trust in insurance companies will positively affect the financial self-efficacy. Therefore, the study proposes the following hypothesis:

H4*: Trust in insurance companies positively influences the* financial self-efficacy.

Subjective Financial Knowledge & FSE

Subjective financial knowledge—defined as what individuals believe they know about financial matters (Xin et al., 2024)—plays a key role in shaping confidence and decision-making. Empirical research consistently indicates that perceived knowledge frequently serves as a robust predictor of financial behavior, comparable to or exceeding the influence of objective knowledge (Allgood & Walstad, 2016; Robb & Woodyard, 2011). Individuals who perceive themselves as financially knowledgeable are more likely to feel capable of managing savings and insurance planning effectively, thereby reflecting higher FSE (Von Schaewen, 2014; Bialowas, 2018; Husin & Rahman, 2013). Therefore, the study hypothesizes that:

H5*: Subjective financial knowledge positively influences the* financial self-efficacy.

In summary, this study proposes that religious obligation, trust in insurance companies, and subjective Islamic P&S insurance knowledge are critical psychological and contextual determinants of financial self-efficacy. We anticipate that these factors collectively shape individuals' evaluation of their financial capabilities and their confidence in utilizing Islamic P&S insurance.

Research Methodology

Research Instruments

A survey questionnaire was used for collecting data. The survey questionnaire comprises two main sections. The first section includes socio-demographic items, namely, gender, marital status, age, education, and occupation. The second section consists of 22 Likert scale items. The scale for religious obligation (4 items), attitude (4 items), and the intention to participate in IP&S insurance was adapted from Aziz et al. (2018). Four scale items for the FSE were adapted from Montford and Goldsmith (2016). Three adapted items for trust in insurance companies from Hansen (2012). The subjective financial knowledge was measured using four items that were adopted from Thanh, Tapanainen & Hoang (2024). A five-point Likert scale, which ranges from (1 = strongly disagree) to (5 = strongly agree), was used to measure the items of the study.

Sample & Data Collection

The target population for this study is the Saudi workers (government sector, private sector, and self-employed). The sampling frame was drawn from a Saudi-based online research platform that provides structured access to a verified pool of respondents. This study adopts stratified random sampling to ensure proportional representation across different employment sectors. Monte Carlo simulation was conducted to determine the sample size. Monte Carlo simulation allows for flexible and precise estimation of statistical power tailored to mediation structures. Using pilot data (n = 53), the standardized path coefficients were set as follows: FSE to Attitude (0.34), Attitude to Intention (0.58), and FSE to Intention (0.24). Measurement reliabilities (Cronbach's α) were 0.91, 0.91, and 0.92, respectively. The simulation (1,000 replications, 20,000 draws, 95% confidence) indicated that a sample size of 150 achieves a power level above 0.99, exceeding the conventional 0.80 benchmark.

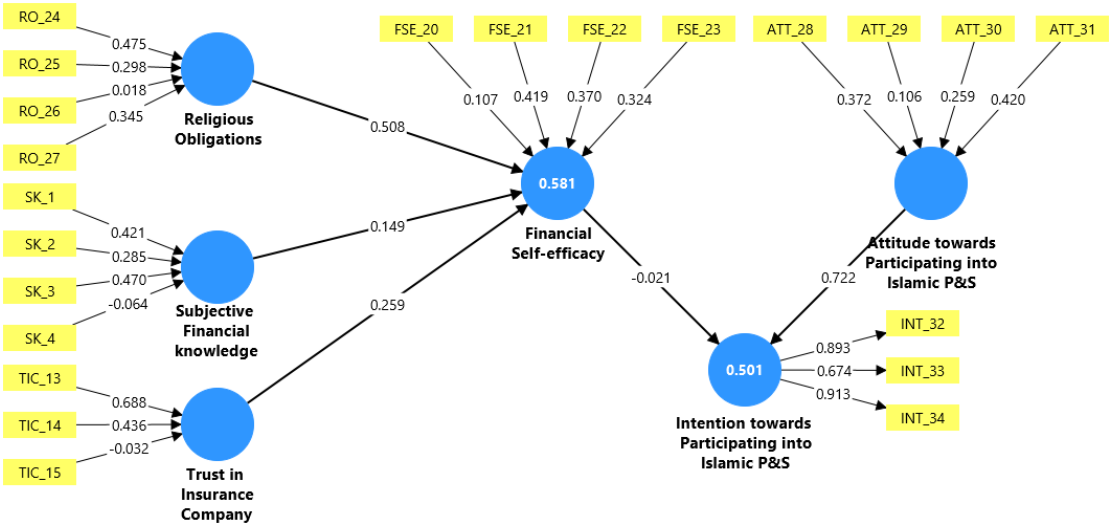
Consistent with prior recommendations (Fritz & MacKinnon, 2007), this study therefore targets a slightly larger sample of approximately 300 participants to account for nonresponse and improve estimate precision. This article received 200 valid responses from the online panel.

Analytical Strategy

This study used SmartPLS 4.1.1, a partial least square-based software that uses variance-based structure equation modeling (VB-SEM) to analyze quantitative data for testing hypothesized relationships between study variables with minimum sample size restrictions (Lim, Cheah, Waller, Ting & Ng, 2020). This approach is beneficial when the hypothesized model incorporates higher-order formative constructs (Hair, Sarstedt, Matthews & Ringle, 2016). Harman's single-factor test was utilized to test for common method bias in the data to prevent single-source bias. An extensively used tool for data analysis is PLS-SEM (structural equation modeling) (Majeed, Asare, Fatawu & Abubakari, 2022). The researcher started with preliminary testing of assumptions with descriptive statistics, particularly central tendency measures (mean), measures of dispersion (standard deviation (SD)), and correlation coefficients (r) given in Table 5. Then, the researcher tested the structural model to determine the validity and reliability, including Cronbach's alpha, composite reliability (CR), and average variance extracted (AVE).

Table 1
Respondents' Demographic Profile

Demographics	Frequency (n = 223)	Percentage
Gender:		
Male	73	36.5
Female	127	63.5
Total	**200**	**100**
Age:		
25–29 years	63	31.5
30–35 years	38	19.0
35–39 years	24	12.0
40–44 years	43	21.5
45–49 years	32	16.0
Total	**200**	**100**
Marital Status		
Married	93	46.5
Single	80	40.0
Divorced	20	10.0
Widowed	7	3.5
Educational Qualification:		
High School	25	12.5
Diploma	28	14.0
Bachelor	104	52.0
Masters	27	13.5
PhD	11	5.5
Others	5	2.5
Total	**200**	**100**
Government Employment	69	34.50
Private Employment	69	34.50
Self-Employment	62	31.00
Total	**200**	**100**
Monthly Income:		
Less than 5,000 SAR	49	24.5
5,000 – 9,999 SAR	50	25.0
10,000-14,999 SAR	46	23.0
15,000–19,999 SAR	31	15.5
20,000–24,000 SAR	12	6.0
25,000 and above	12	6.0
Total	**200**	**100**



Results

The reliability and composite reliability values in Table 2 were above the threshold of 0.70. All constructs' AVE (average variance extracted) ranged from 0.616 to 0.768. At the same time, the factor loading of each item was also in the acceptable range above 0.70 (Hair, Hult, Ringle & Sarstedt, 2017).

The R^2 values for the endogenous constructs—intention (0.494), attitude (0.518), and financial self-efficacy (0.559)—indicate moderate to substantial explanatory power, suggesting that the model accounts for a considerable proportion of variance in key outcomes. These values align with the standards in behavioral research using PLS-SEM and affirm the model's overall robustness.

Moreover, the assessment of common method bias via Harman's single-factor test and satisfactory convergent and discriminant validity (via AVE, cross-loadings, Fornell–Larcker, and HTMT criteria) confirms the reliability and validity of the measurement model. These tests collectively support the internal consistency of the constructs and the absence of multicollinearity or measurement artifacts.

Table 2
Confirmatory factor analysis

Construct	Factor loading	Cronbach's Alpha α	CR	AVE
ATT_28	0.888	0.880	0.917	0.735
ATT_29	0.857			
ATT_30	0.844			
ATT_31	0.839			
FSE_20	0.861	0.838	0.892	0.674
FSE_21	0.837			
FSE_22	0.801			
FSE_23	0.783			
INN_32	0.894	0.777	0.870	0.695
INN_33	0.675			
INN_34	0.912			
RO_24	0.849	0.830	0.864	0.616
RO_25	0.881			
RO_26	0.606			
RO_27	0.899			
SK_1	0.869	0.900	0.930	0.768
SK_2	0.888			
SK_3	0.880			
SK_4	0.870			
TIC_13	0.897	0.863	0.916	0.768
TIC_14	0.872			
TIC_15	0.887			

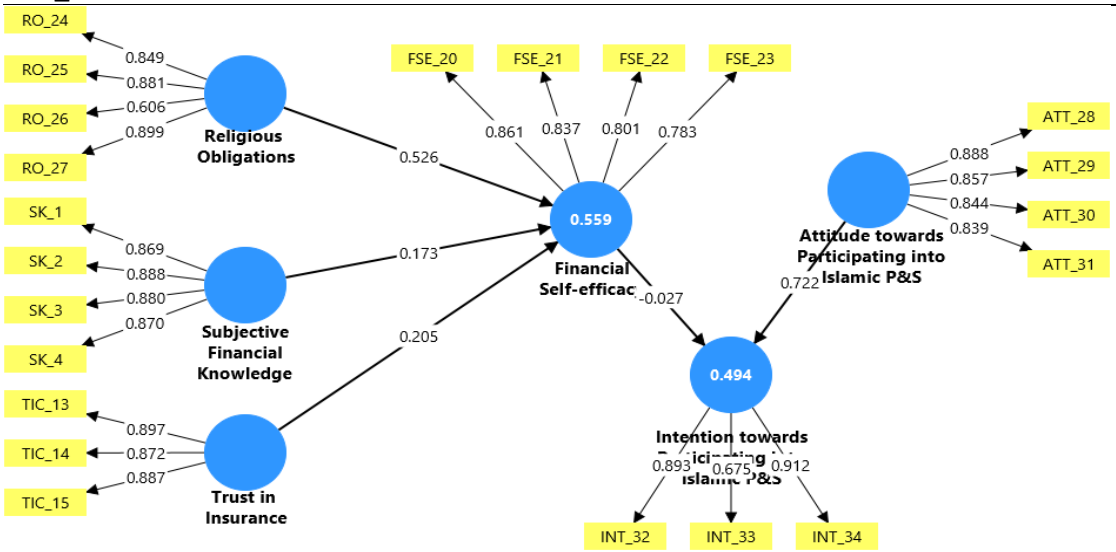


Figure 2: Structural Model

Table 3
Fornell & Larcker discriminant validity

	ATT	FSE	INN	RO	SK	TIC
ATT	**0.857**					
FSE	0.719	**0.821**				
INN	0.703	0.492	**0.834**			
RO	0.813	0.699	0.544	**0.817**		
SK	0.356	0.411	0.272	0.295	**0.885**	
TIC	0.651	0.586	0.580	0.591	0.403	0.885

ATT: Attitude; RO: Religious Obligations; SK: Subjective Financial Knowledge; TIC: Trust in Insurance Company.

The discriminant validity was tested using Fornell & Larcker's (1981) criteria as indicated in Table 3, and the cross-loading of each variable is given in Table 4. Finally, the structural path model (including standardized coefficient β, t-value, and p-value) was examined to test the proposed hypotheses (Ringle, Wende & Becker, 2015).

Table 4
Cross-loadings of the variable

Construct	ATT	PSE	INN	RGC	RO	SK	TIC
ATT_28	**0.888**	0.669	0.637	0.768	0.285	0.305	0.591
ATT_29	**0.857**	0.599	0.568	0.652	0.280	0.329	0.525
ATT_30	**0.844**	0.628	0.589	0.725	0.200	0.250	0.546
ATT_31	**0.839**	0.566	0.613	0.634	0.234	0.343	0.566
FSE_20	0.578	**0.861**	0.384	0.592	0.316	0.299	0.429
FSE_21	0.580	**0.837**	0.413	0.593	0.360	0.305	0.483
FSE_22	0.613	**0.801**	0.413	0.573	0.273	0.324	0.498
FSE_23	0.586	**0.783**	0.406	0.525	0.346	0.422	0.505
INN_32	0.658	0.460	**0.894**	0.518	0.187	0.217	0.533
INN_33	0.421	0.271	**0.671**	0.340	0.086	0.174	0.315
INN_34	0.645	0.468	**0.914**	0.486	0.235	0.294	0.563
RO_24	0.671	0.628	0.512	0.249	**0.851**	0.260	0.505
RO_25	0.735	0.619	0.465	0.259	**0.875**	0.269	0.556
RO_26	0.482	0.340	0.373	0.189	**0.626**	0.113	0.313
RO_27	0.736	0.635	0.431	0.891	**0.891**	0.286	0.519
SK_1	0.361	0.379	0.305	0.317	0.448	**0.877**	0.400
SK_2	0.296	0.353	0.285	0.231	0.421	**0.893**	0.365
SK_3	0.318	0.378	0.224	0.263	0.479	**0.876**	0.332
SK_4	0.264	0.323	0.128	0.205	0.454	**0.860**	0.299
TIC_13	0.568	0.573	0.524	0.506	0.292	0.431	**0.891**
TIC_14	0.625	0.511	0.526	0.556	0.328	0.302	**0.875**
TIC_15	0.533	0.460	0.489	0.505	0.293	0.330	**0.890**

Note: 1. Bold values show the item loadings on constructs 2. ATT: Attitude towards participating in Islamic P&S; FSE: Financial Self-efficacy; INN: Intention towards participating in Islamic P&S; RO: Religious Obligations; SK: Subjective Financial Knowledge; TIC: Trust in Insurance Company.

Table 5
Htmt Results

Construct	ATT	FSE	INN	RO	SK	TIC
Attitude						
Financial Self-efficacy	0.836					
Intention	0.835	0.596				
Religious Obligations	0.842	0.818	0.676			
Subjective Knowledge	0.397	0.471	0.317	0.587		
Trust in Insurance co.	0.745	0.683	0.690	0.383	0.449	

Table 5 shows that the HTMT values are all below 0.85, indicating that the criteria for HTMT.85 were met and confirming discriminant validity. Comparing the two approaches, HTMT.85 consistently demonstrates higher or equal sensitivity but lower or equal specificity compared to HTMT.90. This means that HTMT.85 is more likely to flag potential discriminant validity issues due to its lower threshold, which is an expected outcome.

In this study, the researcher further examined the mediation effect to determine how the intervening variable influences the dependent construct.

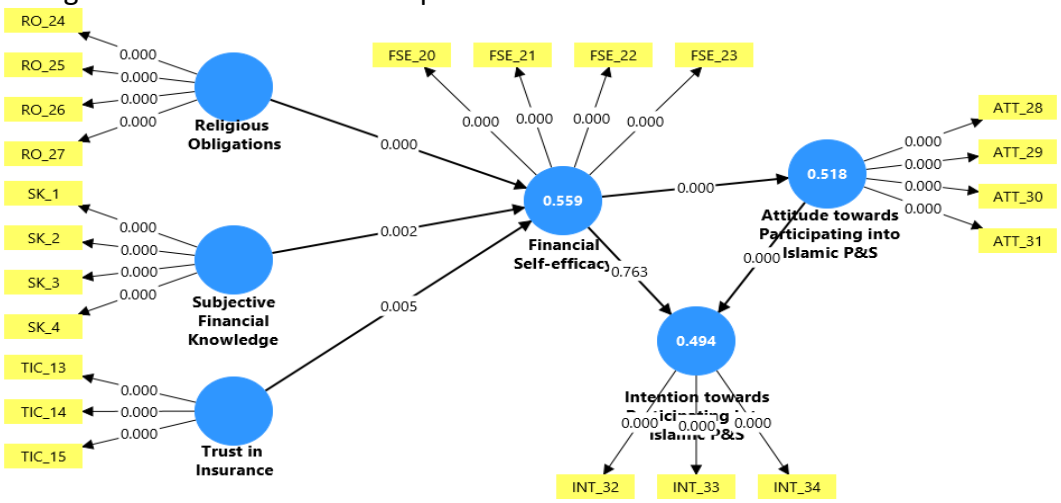


Figure 3: Bootstrapping

Table 6
Standardized regression estimation structural model

Construct	Original Mean	Sample Mean	Standardized coefficient	T-statistics	p-value	Decision
Direct effect						
ATT => INN	0.750	0.749	0.073	10.338	0.000	Supported
FSE => INT	-0.033	-0.032	0.109	0.299	0.765	Not supported
RO => FSE	0.526	0.523	0.065	8.103	0.000	Supported
SK => FSE	0.173	0.172	0.055	3.131	0.002	Supported
TIC => FSE	0.205	0.209	0.073	2.812	0.005	Supported
Mediating effect of Attitude between Financial Self-efficacy and Intention						
FSE=>ATT>INT	0.720	0.719	0.046	15.801	0.000	Supported

The results of the path analysis in Fig. 3 and Table 6 revealed that there are direct and positive significant relationships between attitude towards participating in Islamic P&S and intention towards participating in Islamic P&S where (β=-0.749, t=10.338, p<0.000); however, financial self-efficacy did not significantly influence intention towards participating in Islamic P&S insurance where (β=-0.032, t=0.299, p>0.765). The study further revealed that religious obligations positively influence financial self-efficacy, with β=0.523, t=8.103, and p<0.000. Similarly, subjective financial knowledge influences financial self-efficacy, where β= -0.172, t=3.131, and p<0.002. Similarly, trust in insurance companies influences financial self-efficacy (FSE), where β= -0.209, t=2.812, and p<0.000.

On the mediation variable, the result indicates attitude mediates the relationship between financial self-efficacy and intention towards participating in Islamic P&S where (β= -0.718, t=15.801, p<0.000).

Table 7
Assessment of Coefficient of Determination (R^2)

Variable	Variable Type	R Square
Intention towards participating	Endogenous	0.494
Attitude	Mediator	0.518
Financial self-efficacy	Independent	0.559

The R-squares of the endogenous variables in this study are 0.494, 0.518, and 0.559 for intention, attitude, and financial self-efficacy towards participating in Islamic P&S, which indicate higher predictive quality for both financial self-efficacy and intention towards participating in Islamic P&S.

Table 8
Assessment of the Effect Size (f2) on the Dependent Variable Intention

Variables	f^2	Effect Size
Attitude	0.498	Large
Financial self-efficacy	0.001	No effect

As reflected in Table 8, the effect sizes for attitude and financial self-efficacy are 0.498 and 0.001, respectively. The result reveals that attitude towards participating in Islamic P&S insurance has a large effect on intention to participate in Islamic P&S insurance; however, financial self-efficacy has no effect.

Table 9
Assessment of the Effect Size (f^2) on the Independent Variable Intention

Variables	f^2	Effect Size
Religious Obligations	0.407	Large
Subjective financial knowledge	0.057	Small effect
Trust in insurance company	0.057	Small effect

Table 9 shows that the effect sizes for the independent variable financial self-efficacy are 0.407 for religious obligations and 0.057 for both subjective financial knowledge and trust in insurance companies. The result reveals that religious obligations have a large effect size on

financial self-efficacy, subjective financial knowledge has a small effect on financial self-efficacy, and lastly, trust in insurance companies has a small effect on financial self-efficacy.

Discussion

The findings of this study offer important theoretical and practical insights into the determinants of intention to participate in Islamic P&S insurance among employed Saudi households. Drawing upon the extended theory of planned behavior, the structural model was evaluated using SmartPLS 4.1.1, and the results reveal a nuanced picture of the relationships among the psychological, religious, and financial variables tested.

The study found attitude towards Islamic P&S insurance to be the most influential direct predictor of intention ($\beta = 0.750$, $p < 0.001$), consistent with the TPB framework, which posits attitude as a primary determinant of behavioral intention. The large effect size ($f^2 = 0.498$) further reinforces its critical role in shaping individual decisions in this context. This finding echoes prior research suggesting that when individuals hold favorable evaluations about Islamic insurance—such as perceiving it as beneficial, ethical, or aligned with their personal beliefs—they are more likely to express strong behavioral intent (Husin & Ab Rahman, 2016b; Raza et al., 2019).

In contrast, financial self-efficacy did not have a significant direct effect on intention ($\beta = -0.033$, $p = 0.765$). While other contexts confirmed the same results (Afari et al., 2023; Kurczewska & Białek, 2014), this surprising result diverges from earlier studies that have shown FSE to be a predictor of financial behaviors. However, this study revealed that FSE indirectly influenced intention through attitude, with a strong and significant mediation effect ($\beta = 0.720$, $p < 0.001$). This indicates that while an individual's perceived ability in Islamic P&S insurance may not directly prompt insurance participation, it contributes to shaping positive attitudes, which in turn drive intention. Such a mediated relationship aligns with the TPB's premise that cognitive self-assessments influence behavior primarily through attitudinal channels.

The three key variables—religious obligation, subjective financial knowledge, and trust in insurance companies—were all found to predict financial self-efficacy significantly. Among them, religious obligation had the strongest influence ($\beta = 0.526$, $p < 0.001$; $f^2 = 0.407$), reinforcing the idea that adherence to religious principles enhances individuals' ability to engage with Shariah-compliant financial products. This finding is consistent with prior literature highlighting how religiosity fosters perceived competence and motivation in Islamic financial contexts (Jamshidi & Hussin, 2018; Maduku & Mbeya, 2023).

Both subjective financial knowledge ($\beta = 0.173$, $p = 0.002$; $f^2 = 0.057$) and trust in insurance companies ($\beta = 0.205$, $p = 0.005$; $f^2 = 0.057$) had significant but smaller effects on FSE. These findings suggest that perceived knowledge of financial concepts, as well as belief in the credibility and ethical standing of insurers, enhances individuals' perceived ability to manage their finances (Bialowas, 2018; Booth & Tranter, 2019), particularly through Islamic insurance mechanisms (Husin & Rahman, 2013). This corroborates the perspective that confidence in financial knowledge, even when self-evaluated, significantly influences financial behavior (Allgood & Walstad, 2016), particularly in situations characterized by technical complexity or religious adherence.

Theoretical Contribution

This study enriches the theoretical understanding of behavioral intention within the extended Theory of Planned Behavior by incorporating psychological, financial, and religious determinants relevant to the Islamic insurance context. The integration of financial self-efficacy as a central construct and attitude as a mediating mechanism provides new insights into how perceived ability shapes intention toward Islamic Protection and Savings insurance participation.

In addition, the study contributes to the theoretical literature by addressing a notable gap concerning the determinants of financial self-efficacy. While prior research has examined financial self-efficacy as an outcome variable, limited studies have explored its antecedents, particularly in Islamic or insurance-related settings. By introducing religious obligation, subjective financial knowledge, and trust in insurance companies as key predictors of financial self-efficacy, this study extends both Bandura's Social Cognitive Theory and the TPB framework. It is among the first to empirically test the influence of trust and religious obligation on financial self-efficacy, offering an enriched theoretical explanation of how confidence in financial ability is shaped by faith-based motivation and institutional trust in Shariah-compliant systems.

Practical Implications

From a practical perspective, this study provides valuable advice to policymakers, insurers, and financial educators aiming to enhance participation in Islamic Protection and Savings insurance. The finding that financial self-efficacy indirectly shapes intention through attitude highlights the importance of developing targeted programs that build individuals' financial confidence and positive perceptions toward Islamic insurance. Financial literacy initiatives should move beyond technical knowledge to include motivational and confidence-building components (Lown et al., 2015; Farrell et al., 2016).

Moreover, the significant influence of religious obligation and trust in insurance companies on financial self-efficacy suggests that there must be strategies that strengthen both institutional credibility and Shariah alignment. Insurers can foster trust by emphasizing transparency, ethical investment practices, and clear communication of Shariah compliance (Husin & Ab Rahman, 2016; Aziz et al., 2019). At the same time, collaboration between financial regulators, religious authorities, and educational bodies could enhance public awareness about how Islamic insurance fulfills moral and financial objectives, aligning with Saudi Vision 2030 goals of increasing financial inclusion and long-term savings participation.
Finally, these findings encourage insurance institutions to design faith-based empowerment campaigns that connect Islamic values with financial capability, particularly by promoting consumer trust and self-belief in financial planning. This can be achieved by emphasizing both the psychological and spiritual aspects of decision-making. By doing that, practitioners can cultivate a more confident and engaged base of Islamic P&S insurance participants.

Conclusion

This study contributes to the growing body of literature on Islamic protection and savings insurance by clarifying how financial self-efficacy operates within the extended theory of planned behavior. The findings reveal that financial self-efficacy shapes intention indirectly through attitude, highlighting the importance of cognitive and affective processes in financial

decision-making. Moreover, the study identifies religious obligation, subjective financial knowledge, and trust in insurance companies as key determinants of financial self-efficacy, offering a more comprehensive understanding of the psychological and institutional factors that influence consumer confidence in Shariah-compliant financial products.

These insights not only deepen theoretical understanding but also provide useful direction for policymakers and practitioners aiming to promote participation in Islamic insurance. Future research may extend this model to other Islamic financial instruments, explore gender or sectoral variations, and employ longitudinal designs to capture changes in financial self-efficacy and intention over time.

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