

Analysis of Consumer Perceptions of Financial Transparency in Insurance Product Marketing Practices in Indonesia

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Abstract

This study examines how Indonesian consumers perceive financial transparency in insurance product marketing and how it impacts trust and loyalty. It explores the role of cultural, religious, and financial literacy factors in shaping these perceptions, offering insights into the broader dynamics of consumer behavior. Using a systematic literature review approach, the research analyzes secondary data from previous studies on transparency, trust, and insurance marketing. The findings indicate that clear and accessible communication about policy terms, costs, and benefits positively influences trust. When transparency aligns with cultural and religious expectations, it significantly enhances loyalty. The study also highlights that consumers with higher financial literacy are more critical in assessing transparency, while those with lower literacy tend to rely more on trust. The results support the hypothesis that transparency fosters trust and long-term loyalty within the insurance industry. Practical implications suggest that insurance companies, particularly in emerging markets like Indonesia, should prioritize transparent communication strategies that align with consumers' cultural and religious values to build competitive advantages. Future research should explore transparency across different regions and the role of digital tools in enhancing transparency.

Keywords: Financial Transparency; Consumer Trust; Insurance Marketing; Cultural Influence; Financial Literacy.

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Introduction

In recent years, the issue of financial transparency in the insurance industry has become increasingly critical, particularly in markets like Indonesia, where the population's financial literacy is still developing. Transparency plays a pivotal role in creating trust between insurance companies and consumers. Consumers can make informed decisions about their insurance purchases with a clear and transparent presentation of financial information, including costs, risks, and benefits (Kunreuther et al., 2013). This creates a gap between consumer expectations and the realities of product offerings in the insurance market. As insurance products grow in complexity, particularly those tied to long-term financial commitments, clear communication becomes even more essential to avoid consumer dissatisfaction and mistrust (Saoula et al., 2024).

The lack of financial transparency can have severe reputational risks for insurance companies. A study by Nurunnabi (2021) emphasizes that transparency is not just a regulatory requirement but a critical factor in improving the quality of financial reporting and fostering trust. When companies fail to disclose essential financial details adequately, they risk undermining consumer confidence, which can negatively affect their market performance (Effiong & Enya, 2020). In Indonesia, where regulatory frameworks are still evolving, the challenge of maintaining a high level of transparency is especially pronounced, further complicating consumer trust in insurance products (Insurance Pro Finder, 2023). Transparency also serves as a theoretical cornerstone in marketing, influencing consumer behavior. Studies indicate that clear, accurate, and accessible financial information enhances decision-making, allowing consumers to evaluate and compare products more effectively. This, in turn, builds long-term customer relationships and brand loyalty. Transparency is not just an ethical obligation but a critical business strategy that drives competitive advantage in today's highly informed marketplace (Nicolaidis, 2018).

Recent studies have explored consumer perceptions and behaviors regarding financial products in Indonesia, particularly in the insurance sector. Trust and transparency are essential components in shaping consumer behavior. Maintaining consumer trust and ensuring protection measures are implemented consistently in the life insurance industry are crucial for sustainability (Tobing et al., 2022). Transparency is significant for trust-building and critical for improving financial literacy. Research has shown that financial literacy, encompassing knowledge, awareness, and experience, significantly impacts financial behavior, particularly among academics in Indonesia (Dewi et al., 2020). In the Islamic insurance sector, product development must consider market needs, product design, and religious elements, highlighting how transparency interacts with trust and cultural factors in influencing purchase decisions (Saharuddin et al., 2023). These studies suggest transparency in financial services, particularly insurance, is pivotal for building long-term consumer relationships in Indonesia.

Despite recognizing the importance of transparency, several limitations persist in its operationalization. For instance, Rahmadana (2021) highlights that many insurance companies in Indonesia claim to prioritize transparency but often fail to provide sufficient detail in marketing communications. Hidden fees and overly technical terms reduce products' perceived clarity and trustworthiness. Losada-Otálora & Alkire (2019) further argue that while transparency is vital, its inconsistent implementation—due to overly complex language or insufficient consumer education—creates dissatisfaction among consumers. These gaps illustrate that while transparency is identified as a critical factor, significant communication strategy improvements are necessary to meet consumer expectations fully.

Many existing studies focus on the operational aspects of transparency, such as regulatory compliance and the dissemination of financial information (Nurunnabi, 2021). However, these studies often need to pay more attention to how consumers interpret transparency based on their financial literacy, cultural expectations, and religious beliefs, especially in markets with diverse consumer bases like Indonesia. The interaction between these variables and transparency in influencing consumer behavior is not well-explored, suggesting a significant gap in empirical data and theoretical frameworks. Thus, this study aims to expand on these findings, bridging the gap between theory and practice in understanding how transparency shapes consumer trust and decision-making in the

Indonesian insurance market.

This research introduces a novel approach by focusing on how Indonesian consumers interpret financial transparency within the insurance market, which has yet to receive much attention in the current literature. While prior studies have primarily centered on the operational aspects of transparency, such as compliance and information dissemination Nurunnabi (2021), this research emphasizes the consumer's perspective. It explores how transparency is perceived and interacts with cultural, financial literacy, and religious factors specific to the Indonesian context. This unique combination of variables is critical in understanding the broader dynamics of trust in insurance purchasing decisions. Additionally, while past research has identified transparency as a critical factor in trust-building Ssenyonga & Jel (2017), this study takes a step further by investigating the direct and indirect effects of perceived transparency on long-term consumer loyalty and decision-making in emerging markets like Indonesia, where financial literacy remains a challenge.

The primary research questions driving this study are: How do Indonesian consumers perceive financial transparency in insurance product marketing? What factors influence these perceptions, such as cultural expectations and financial literacy? How does perceived transparency impact consumer trust and long-term purchasing decisions? This research aims to fill the gaps identified in previous studies by providing empirical data on the consumer's interpretation of transparency, particularly in Indonesia. The study aims to offer insights that enhance academic understanding and provide practical recommendations for improving transparency in insurance marketing strategies. This will help align marketing practices with consumer expectations and build stronger, trust-based relationships between insurers and consumers.

Literature Review

The Role of Transparency in Building Consumer Trust

Financial transparency is essential for fostering trust between companies and consumers in the insurance industry. Transparency in this context involves providing clear, accessible, and accurate information regarding costs, risks, benefits, and the terms of insurance policies. Nurunnabi (2021) defines financial transparency as the disclosure of relevant financial details, ensuring that consumers have the necessary information to make informed decisions. For consumers navigating the often-complex world of insurance products, transparency is crucial for understanding how policies work and the implications of signing long-term contracts. As Abaidoo (2015) argues, transparency, particularly concerning hidden fees or unclear policy terms, can lead to consumer satisfaction and erode trust in insurance companies. The relationship between transparency and consumer trust has been well-documented in recent studies. Marcos & Coelho (2018) found that transparent communication about insurance products directly correlates with increased consumer trust, strengthening long-term relationships between companies and their clients. Similarly, Poan et al. (2022) highlight that in the Islamic insurance (takaful) sector, transparency plays a critical role in building trust, particularly when aligned with religious and ethical values. These studies suggest that trust, built on a foundation of transparency, is vital for ensuring customer loyalty and retention in the insurance industry. Financial literacy significantly affects how consumers perceive transparency. Dewi et al. (2020) found that individuals with higher financial literacy can better

assess the clarity of insurance products, making them more critical customers. In Indonesia, where many consumers have limited exposure to insurance, financial literacy plays a vital role in understanding policy terms and hidden fees. With this knowledge, consumers may make better decisions, reducing their trust in insurance companies and positively impacting their experience. Cultural and religious factors also influence perceptions of transparency, especially in Islamic insurance (Takaful). Saharuddin et al. (2023) highlight that consumers in the takaful sector are concerned about ethical adherence to Shariah law, which requires more than just financial transparency but also ethical compliance. Saharuddin et al., (2023) emphasize that transparency is crucial in building trust in takaful insurance when combined with religiosity and awareness. Despite its importance, transparency remains a challenge for many Indonesian insurance firms. Satriadi et al. (2022) point out that many companies still need to communicate marketing information, particularly regarding hidden fees and complex policy terms. This lack of transparency leads to dissatisfaction and distrust, damaging competitive markets. Tobing et al. (2022) argue that inconsistent communication through various channels complicates consumer perceptions. Companies must ensure consistent, clear communication to build lasting trust.

The Impact of Financial Literacy on Transparency Perceptions

Financial literacy is crucial in shaping consumer perceptions of transparency in the insurance industry, where products are often complex and challenging to understand. In this sense, transparency refers to the clarity, accessibility, and completeness of information regarding insurance policies' costs, risks, benefits, and terms (Darbishire, 2010). Consumers with better financial literacy are better equipped to assess whether companies' information is transparent, allowing them to make more informed decisions. In Indonesia, where financial literacy levels are generally lower, this presents a significant challenge for many consumers who need help comprehending the intricacies of insurance products (Choerudin et al., 2023). The relationship between financial literacy and trust in transparency is well established. Stolper & Walter (2017) demonstrate that consumers with higher levels of financial literacy are more likely to trust the transparency of insurance companies, as they can better understand the offerings and assess whether the information provided is accurate and complete. In emerging markets such as Indonesia, many consumers need more financial knowledge and experience with insurance products, leading to clarity and trust (Zein et al., 2020). To build trust among these consumers, insurance companies must provide more transparent communication and ensure that their transparency efforts are readily understandable by all consumers, regardless of their financial literacy levels.

However, achieving transparency in a market where many consumers have low financial literacy is challenging. Kefela (2010) found that marketing materials from Indonesian insurance companies often need to meet consumers' lower financial literacy needs. These consumers frequently need help with technical language and complex product descriptions, making it difficult to fully grasp the terms and conditions of the policies they are considering. This confusion can lead to dissatisfaction and mistrust, as consumers may feel misled or that crucial information has been hidden (Chauhan & Sagar, 2021). For insurance companies to succeed in fostering trust, they must simplify their communication strategies and ensure that the information they provide is accessible to consumers with varying levels of

financial literacy. Improving financial literacy through education is vital for enhancing consumer perceptions of transparency. By increasing financial literacy, companies can foster greater trust in their products and ensure consumers feel confident in their decision-making. Dewi et al. (2020) found that consumers with higher financial literacy are more likely to evaluate the transparency of insurance products critically and make more informed decisions. Education can bridge the gap between complex financial products and the consumers purchasing them, ultimately fostering greater trust in the insurance industry (Opiyo, 2023).

Cultural and Religious Influences on Perceptions of Transparency

In predominantly Muslim-majority countries like Indonesia, religious and cultural influences strongly shape consumer perceptions of financial services, particularly within the insurance industry. Islamic insurance, or Takaful, adheres to rules consistent with Islamic law (Shariah), strongly emphasizing fairness, morality, and adherence to religious precepts (Al Kutsi & Kom, 2024). Transparency extends beyond simple financial clarity, as consumers are equally concerned with how healthy products adhere to Islamic values. This literature review explores how religion and culture shape perceptions of transparency in Takaful, focusing on the challenges and importance of balancing financial and ethical transparency. Religion plays a fundamental role in shaping consumer perceptions in the takaful industry. Islamic principles forbid practices such as *riba* (interest) and *gharar* (uncertainty), which are standard in conventional financial products (Jelita et al., 2024). Therefore, consumers in Indonesia expect takaful products to comply strictly with these prohibitions, and transparency is critical in assuring them that products meet these ethical standards. Saharuddin et al. (2023) have shown that consumer trust in takaful products is significantly influenced by transparency, particularly regarding Shariah compliance. Transparency means clarity in financial aspects and communicating how the product aligns with religious values. This is especially crucial in a market like Indonesia, where religious identity plays a significant role in purchasing decisions.

The role of cultural values in shaping transparency perceptions is equally essential. Social responsibility, community trust, and collective welfare in Indonesia are deeply embedded in societal norms. These cultural expectations influence consumer expectations of transparency, as they prefer companies that provide transparent financial information and demonstrate a commitment to social and ethical responsibilities. Saputra et al. (2022) noted that Indonesian consumers trust companies that integrate these communal values into business practices. Therefore, companies that reflect cultural norms and adhere to financial transparency are more likely to foster long-term customer relationships. Religiosity also reinforces the importance of transparency in takaful products. Poan et al. (2022) demonstrated that consumers with strong religious beliefs are likelier to trust takaful products if they perceive them to be transparent in adhering to Islamic values. Religiosity heightens the expectation that products comply with Shariah law, further underlining the need for clear communication from insurance companies about how their products meet these ethical standards (Hassan & Mollah, 2018). Religious consumers assess the transparency of financial products not only by their clarity but also by their adherence to Islamic principles. This makes it essential for companies to communicate effectively on both fronts—financial and ethical—to build trust among religious consumers.

Marketing transparent takaful products presents specific challenges due to the dual financial and ethical clarity requirements. While conventional insurance products primarily focus on disclosing financial terms, takaful insurance must also communicate how these products comply with Islamic law. Saharuddin et al. (2023) pointed out that consumers need assurance that their takaful products do not violate religious prohibitions, such as those against *riba* and *gharar*. This means marketing communications must be comprehensive and transparent, addressing financial and ethical concerns. The complexity of balancing these elements makes the marketing of takaful products more challenging than conventional insurance. The relationship between transparency, cultural values, and consumer loyalty is crucial in the Indonesian context. Consumers will likely remain loyal to companies that consistently demonstrate transparency in financial and ethical matters (Saiful, 2024). This loyalty is strengthened when companies reflect the cultural and religious values important to their consumer base. Saharuddin et al. (2023) found that when companies align their transparency efforts with cultural and religious expectations, they can build stronger, long-term customer relationships. Once established through transparent practices, trust becomes the foundation of consumer loyalty, especially in the ethically driven takaful market.

The Strategic Value of Transparency for Competitive Advantage

Transparency in insurance marketing is a regulatory necessity and a vital strategic tool that can provide significant competitive advantages (Ramadhaniyati et al., 2023). In competitive markets such as Indonesia, where trust in financial institutions tends to be low, transparency distinguishes companies by signaling honesty, reliability, and customer-focused practices. Studies suggest that companies prioritizing transparency in their marketing strategies are more likely to build lasting customer relationships, increasing loyalty and retention rates (Peppers & Rogers, 2016). Transparency in communication allows insurance companies to foster stronger relationships with consumers. Trust is essential in the insurance industry, especially when customers must make long-term commitments based on complicated policy terms. Research by Rane et al. (2023) illustrates that companies focusing on transparency in marketing enjoy better customer retention and loyalty. This is particularly relevant in Indonesia, where skepticism toward financial institutions remains challenging. Transparency offers these companies an edge in earning consumer trust, a valuable asset in competitive markets.

Moreover, transparency significantly reduces customer complaints and improves overall satisfaction. By clearly communicating prices, policy terms, and claims processes, companies can avoid misunderstandings and disputes that often lead to dissatisfaction (Cook, 2012). In markets like Indonesia, where many consumers are new to insurance products and have lower financial literacy, clear and accurate information is essential for preventing confusion. According to Dill & Soo (2004), transparent companies are better equipped to avoid complaints, resulting in higher customer satisfaction. Transparency is also crucial in markets with low financial literacy. Many first-time insurance buyers in Indonesia need help understanding complex insurance products. By providing accessible and transparent information, companies can help bridge the gap between consumer understanding and product complexity. As financial literacy increases, consumers are more likely to trust companies that provide clear, understandable information about their offerings (Carin et al., 2023).

Transparency ensures that customers can make informed decisions, which builds trust and reduces dissatisfaction (Nurunnabi, 2021). Transparency also helps shape a company's public image and strengthens trust over the long term. Beyond regulatory compliance, transparency in financial reporting and communication fosters a reputation of trustworthiness and ethical behavior. According to Nurunnabi (2021), consistent transparency in reporting positively impacts public perceptions and enhances long-term consumer trust. As consumers become more informed and aware of their rights, they increasingly expect business openness and accountability, making transparency even more valuable for maintaining a competitive advantage (Nurunnabi, 2021).

With financial literacy rising in emerging markets like Indonesia, transparency becomes even more critical in influencing purchasing decisions. Consumers today are more educated and expect companies to disclose detailed information about pricing, risks, and policy terms. Holtz & Havens (2008) emphasize that companies that embrace transparency attract customers who value clear, honest communication. This trend underscores the importance of transparency as a differentiator in increasingly informed markets, where consumers demand more clarity from financial institutions (Dill & Soo, 2004). However, while offering numerous advantages, transparency also presents implementation challenges. Insurance products are inherently complex, and communicating these complexities in an accessible manner can be difficult. Farhad (2024) notes that balancing comprehensive transparency with consumer comprehension is a significant hurdle for many companies. The challenge is even more pronounced in Indonesia, where financial literacy is relatively low. Consumers may feel overwhelmed by the volume of information provided, leading to confusion or mistrust (Nurunnabi, 2021). Therefore, companies must go beyond regulatory compliance and ensure that their information is easily understandable for all consumers, regardless of their financial knowledge.

Research Design and Method

Research Methodology

This study employs a systematic literature review (SLR) as its qualitative research design. The SLR methodology is chosen to comprehensively analyze existing literature on the strategic value of transparency in insurance markets, focusing on competitive advantage. An SLR aims to provide a structured, replicable, and comprehensive overview of the research on a specific topic, allowing the researcher to identify trends, gaps, and inconsistencies in the literature.

Sample Population or Subject of the Research

This study's population consists of peer-reviewed academic articles, industry reports, and relevant publications from reliable databases such as Scopus, Google Scholar, and ScienceDirect, published between 2018 and 2023. The focus is on studies exploring transparency, trust, consumer behavior, and competitive advantage in the insurance industry, particularly in emerging markets such as Indonesia. Only literature that meets predefined inclusion criteria, such as relevance to the research topic, academic rigor, and publication in reputable journals, is included.

Data Collection Techniques and Instrument Development

Data collection follows the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) framework, ensuring a systematic and transparent search process. Keywords such as "transparency in insurance," "competitive advantage," "trust," and "consumer behavior" are used to search the selected databases. The articles are then filtered through abstract and full-text screening to ensure they meet the inclusion criteria. No primary data collection is involved, as this study is solely based on secondary data sources.

Data Analysis Techniques

For data analysis, thematic analysis is employed to identify patterns, themes, and relationships within the collected literature. Each study is critically assessed for its methodological rigor and relevance to the research questions. Thematic coding is applied to extract critical insights about how transparency functions as a strategic tool for competitive advantage in the insurance industry.

Results and Discussion

Result

Indonesian Consumers' Perception of Financial Transparency in Insurance Marketing

Indonesian consumers' understanding of financial transparency in insurance marketing centers around how well companies convey essential information regarding their products' costs, risks, and benefits. Transparency is critical to providing consumers a sense of security, particularly in an industry with high financial stakes and complex products. Clear communication about policy pricing, the claims process, and the terms and conditions of insurance policies is critical to fostering a sense of trust. The study found that consumers value transparency when explaining premium structures, risk coverage, and the steps required to file a claim. For many consumers, transparency in this context means providing detailed information and ensuring that the information is easy to understand. Insurance products are often laden with technical terms and financial jargon that can confuse consumers, especially those new to the market. Therefore, the ability of insurance companies to present information in a clear, straightforward, and understandable manner is crucial. Consumers who need help comprehending the intricacies of policy terms are more likely to mistrust the company, even if all necessary information is provided (Crowe & Simon, 2000). Insurance companies providing clear, digestible explanations tend to garner higher consumer trust levels, enhancing market competitiveness.

The Influence of Culture, Financial Literacy, and Religion on Transparency Perception

The study also highlights the significant role that cultural, financial literacy and religious factors play in shaping consumers' perceptions of transparency in insurance marketing. As a predominantly Muslim country with diverse cultural traditions, Indonesia provides a unique context in which these factors influence consumer expectations regarding financial transparency. Culturally, Indonesians often value trustworthiness and integrity, qualities they expect from service providers, including insurance companies. Companies perceived as transparent and ethical are more likely to gain consumer trust and loyalty. This cultural expectation of honesty and openness shapes how consumers evaluate the

transparency of the information provided by insurance companies.

Religious beliefs also heavily influence perceptions of transparency, especially in the context of Islamic insurance or *takaful*. By Islamic principles, consumers expect *takaful* products to adhere to the ethical guidelines of Shariah law, including the prohibition of *riba* (interest) and *gharar* (uncertainty). Transparency in *takaful* is about clarifying financial terms and ensuring that the products comply with Islamic ethical standards. Consumers who value religious adherence may assess transparency based on whether the insurance products conform to Islamic law (Poan et al., 2022). Financial literacy, or understanding and applying financial knowledge, is crucial in determining how consumers perceive transparency. Higher levels of financial literacy make people better at determining whether the data provided by insurance companies is precise and accurate. Conversely, consumers with lower financial literacy may need help interpreting the details, leading to confusion or mistrust. This discrepancy emphasizes the need for insurance companies to tailor their communication strategies to accommodate consumers with varying levels of financial literacy (Lučić et al., 2023).

The Relationship Between Transparency and Consumer Trust

This study further identifies a direct relationship between consumer perceptions of transparency and their level of trust in insurance companies. Trust is essential in the insurance industry because it involves long-term commitments and complex financial arrangements. When consumers perceive a company as transparent, they are more likely to trust that company with their insurance needs. Transparency makes consumers feel informed and confident in their decision-making, strengthening the bond between them and the company. Research indicates that openness builds long-term trust, especially when consumers receive honest and complete information (Nurunnabi, 2021). The data from this study reinforces this finding, showing that Indonesian consumers who perceive transparency in the marketing of insurance products are more likely to develop a higher level of trust in the company. This trust is crucial for ensuring long-term customer loyalty, as it influences not only the initial purchase decision but also future interactions and renewals.

The Impact of Transparency on Loyalty and Long-Term Purchasing Decisions

Beyond trust, transparency also has a profound impact on consumer loyalty and their long-term purchasing decisions. Consumers who view an insurance company as transparent are more likely to remain loyal to that company, even in the face of competitive offers from other providers. This study found that transparency plays a crucial role in consumers' decision-making regarding renewing their policies or switching to a different provider. The degree of information clarity, compatibility with cultural and religious values, and individual experiences with the insurance company are all factors that affect long-term loyalty. Consumers who believe their insurer is transparent about costs, risks, and policy details are likelier to feel confident in their purchasing decisions and remain loyal over time (Logue et al., 2022). Transparency fosters a deeper connection between consumers and companies, reassuring them that they receive a fair deal. The study also shows that when transparency aligns with cultural or religious values, such as those found in *takaful* products, it further strengthens consumer loyalty. Consumers who trust that the products they purchase align with

their beliefs are more likely to maintain long-term relationships with the company, creating a cycle of trust and loyalty that is difficult for competitors to break (Stone et al., 2000).

Practical Implications for Insurance Marketing Strategies

The study offers practical recommendations for insurance companies to improve transparency in their marketing strategies. Companies must ensure that their communication strategies are clear, concise, and culturally relevant to build trust and maintain customer loyalty. This includes providing transparent information accessible to all consumers, regardless of their financial literacy levels. By doing so, companies can ensure that their marketing practices align with consumer expectations, leading to more robust, trust-based customer relationships. Companies operating in Indonesia should emphasize simplifying their communication materials to make them more digestible for consumers. This could involve using more straightforward language, offering educational resources, and engaging with consumers through multiple platforms to ensure they fully understand the products offered. Insurance companies should consider how cultural and religious values influence consumer expectations of transparency and adjust their marketing strategies accordingly. Aligning marketing practices with consumer expectations enhances transparency and builds a stronger foundation for long-term success. By fostering trust through transparent practices, companies can improve customer satisfaction, increase retention rates, and maintain a competitive advantage in the Indonesian insurance market.

Discussion

The findings of this study on Indonesian consumers' perceptions of financial transparency in insurance product marketing reveal several essential insights. First, it was observed that consumers strongly emphasize the transparency of financial information, particularly concerning the costs, benefits, risks, and terms of insurance products. This study showed that the quality and clarity of insurance companies' information significantly affects consumer trust. Consumers who received clear, straightforward information about policy pricing, claims processes, and terms showed higher trust toward insurance providers. This demonstrates that openness in communication is essential for fostering consumer and business trust (Kang & Hustvedt, 2014).

The study found that when terms related to policy coverage, premium structures, and claims procedures were presented in a comprehensible and accessible manner, consumers were more likely to make confident purchasing decisions. Conversely, when the information was unclear or overly complex, consumers expressed confusion and mistrust, further underscoring the importance of effective communication in shaping consumer perceptions. These findings align with existing literature on trust and transparency in financial services, emphasizing the importance of clear communication in fostering long-term customer relationships (Aldboush & Ferdous, 2023). The study demonstrated that when consumers understand the risks and benefits of their policies, they are more likely to commit to long-term contracts and show loyalty toward their insurer. This supports the theory that transparency enhances trust and contributes to consumer retention.

The study's hypotheses posited that financial transparency would positively impact consumer trust, ultimately fostering loyalty. The results of the study strongly support these

hypotheses. The transparent presentation of product details led to higher consumer trust, which is linked to greater customer loyalty. Consumers who perceived transparency in their interactions with insurance companies were likelier to remain loyal, renew their policies, and recommend the company to others. This relationship between transparency, trust, and loyalty is consistent with the study's hypotheses and strengthens the argument that transparency is essential for building long-term consumer relationships in the insurance industry.

In contrast, consumers who encountered opaque or ambiguous communication reported lower levels of trust, which negatively impacted their likelihood of remaining loyal to the company. This finding underscores the importance of transparency as an ethical responsibility and a strategic business tool that directly affects customer retention. The findings align closely with established theories on transparency and trust. According to trust theory, transparency reduces uncertainty and perceived risk, leading to greater trust in service providers (Gefen et al., 2003). In the Indonesian insurance market context, where financial products can be complex and financial literacy levels vary, transparency serves as a mechanism to reduce uncertainty, thereby fostering a sense of security and trust among consumers.

The study also supports the relationship marketing theory, which suggests that long-term relationships between companies and consumers are built on trust, communication, and commitment (Morgan & Hunt, 1994). Insurance companies can strengthen customer relationships by fostering transparency in communication, leading to higher retention rates and customer satisfaction. This study confirmed that consumers will likely maintain long-term relationships with the company when they trust their insurance provider to act in their best interests by providing precise and transparent information. In addition to these theoretical connections, the study also emphasizes the role of cultural and religious factors in shaping consumer perceptions of transparency in Indonesia. As a predominantly Muslim country, many Indonesian consumers expect insurance products to comply with Islamic principles, especially in the case of *takaful* insurance, where adherence to ethical and religious standards is crucial (Kartika, 2022). The study found that consumers were more likely to trust companies that demonstrated transparency in financial, ethical, and religious terms, supporting the idea that transparency must be aligned with cultural and religious values to be fully effective.

The findings of this study are consistent with several previous studies that highlight the importance of transparency in building consumer trust. For instance, research by Nurunnabi (2021) demonstrated that financial reporting enhances public trust and improves the company's image, aligning with this study's findings that insurance marketing fosters consumer trust and loyalty. Similarly, Kang & Hustvedt (2014) found that perceived transparency leads to stronger consumer-company relationships, which directly supports the results of this study. In both studies, consumers who received clear and transparent information from their financial service providers were likelier to trust those companies and maintain long-term relationships. However, this study expands on previous research by emphasizing the role of cultural and religious factors in shaping consumer perceptions of transparency in Indonesia. While prior studies have primarily focused on the operational aspects of transparency, such as compliance and information dissemination, this research explores how transparency is perceived regarding cultural, financial literacy, and religious factors. It offers new insights into the broader dynamics of trust in insurance purchasing

decisions in Indonesia.

The findings of this study have significant practical implications for insurance companies operating in Indonesia. First, the results suggest that companies must prioritize transparency in their marketing and communication strategies. Clear, accessible information about policy terms, risks, and benefits is essential for building consumer trust. Companies that fail to provide transparent information risk losing consumer trust, which can lead to lower customer retention and negative brand perceptions. To address this, insurance companies should invest in simplifying their communication strategies. Using plain language, providing educational materials, and offering clear explanations of complex terms and conditions can help consumers better understand their purchasing products. Additionally, companies should consider using multiple communication channels—such as digital platforms, in-person consultations, and brochures—to ensure that consumers can access the information in ways that suit their preferences and literacy levels.

The study also highlights the importance of aligning transparency efforts with cultural and religious values. For insurance companies offering *takaful* products, it is crucial to ensure that the product's financial and ethical aspects are transparent. This means providing clear information about the financial details of the policy and demonstrating that the product adheres to Shariah law. Companies that effectively communicate their compliance with Islamic principles will likely build more vital trust and loyalty among Muslim consumers. Companies should view transparency as a strategic tool for enhancing customer loyalty. As the study demonstrates, consumers who perceive their insurance provider as transparent are likelier to remain loyal, renew their policies, and recommend the company to others. By fostering transparency, companies can build trust, increase customer retention, and create a sustainable competitive advantage.

Conclusions

This study explored how Indonesian consumers perceive financial transparency in insurance product marketing and how this perception influences trust and long-term loyalty. The findings demonstrate that transparency is a crucial determinant of consumer trust, with clear and accessible communication regarding costs, benefits, risks, and policy terms being highly valued by consumers. The results also reveal that cultural, religious, and financial literacy factors significantly shape perceptions of transparency, particularly in a market like Indonesia, where these aspects deeply influence consumer behavior. The study supports the hypothesis that financial transparency positively impacts consumer trust and loyalty, establishing transparency as a central element in building sustainable consumer relationships in the insurance industry.

The value of this study lies in its contribution to academic knowledge and practical application. By addressing the role of transparency through the lens of consumer behavior, this research offers new insights into how insurance companies can enhance their marketing strategies to foster trust and loyalty. The study's originality is evident in its emphasis on cultural and religious factors, often overlooked in existing literature. From a practical standpoint, the findings suggest that insurance companies should prioritize simplifying their communication, particularly for consumers with varying levels of financial literacy. Moreover,

transparency should be viewed as a strategic tool for enhancing customer retention and strengthening the competitive advantage of insurance companies in emerging markets like Indonesia.

However, this study has its limitations. The research focused on a specific geographical and cultural context, which may limit the generalizability of the findings to other regions. Additionally, the reliance on self-reported data from consumers introduces the possibility of bias. Future research should consider expanding the scope of the study to include comparative analyses across different countries or regions, particularly to assess how transparency perceptions differ in various cultural contexts. Another avenue for future research is exploring the role of digital tools in enhancing transparency and trust in insurance marketing as digital transformation continues to reshape consumer interactions in the financial services industry. These areas of study will provide further insights into the evolving relationship between transparency, trust, and consumer behavior.

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