

DOI:10.29013/ESR-25-3.4-50-54



BUILDING CONSUMER TRUST THROUGH PERSONALIZATION: A CASE STUDY OF UZBEKISTAN'S DIGITAL INSURANCE MARKET

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Cite: Yuldashev A.Q. (2025). *Building Consumer Trust Through Personalization: a Case Study of Uzbekistan's Digital Insurance Market*. *European Science Review* 2025, No 3–4. <https://doi.org/10.29013/ESR-25-3.4-50-54>

Abstract

This study investigates the relationship between perceived personalization and consumer trust in Uzbekistan's insurance market amid digital transformation. A survey of 400 respondents confirmed a significant correlation between personalization and trust, with prior insurance experience enhancing openness to digital products. The findings highlight the importance of trust-building strategies, simplified digital interfaces, and localized user experiences to boost adoption, offering insights into consumer behavior in emerging insurance markets.

Keywords: *digital insurance, personalization, consumer behavior, trust, Uzbekistan, digital transformation*

Introduction

Amid rapid technological progress and financial market transformation, retail insurance is shifting towards consumer-centric models. Digitalization, online platforms, and AI integration have redefined insurance products and consumer behavior. In emerging economies like Uzbekistan, these trends coincide with broader financial modernization and rising digital literacy.

Despite some progress, Uzbekistan's insurance market faces persistent challenges: low insurance penetration, limited public trust, and insufficient service personalization. According to the 2024 report by the Agency for the Development of the Insurance Market under the Ministry of Economy and Finance, the sector's GDP share remains be-

low 1%, lagging behind regional and global benchmarks, underscoring the need for systemic reforms.

Personalized services, leveraging digital channels, behavioral analytics, and predictive models, are crucial for enhancing customer satisfaction and building long-term trust. However, the impact of personalization on consumer behavior in Uzbekistan's insurance sector remains underexplored.

This study examines the link between personalization in insurance services and consumer trust during Uzbekistan's digital transformation. It analyzes consumer behavior, preferences, and perceptions of digital service channels, offering practical recommendations for insurers to strengthen market presence and public confidence.

Literature Review

The development of retail insurance in the digital era has been widely studied over the past two decades, with a focus on consumer behavior shifts, the impact of digital technologies on decision-making, and the role of personalization in fostering trust.

Personalization remains a key theme. Weinmann et al. (2023) highlight how big data and machine learning allow insurers to tailor products to individual risk profiles, boosting loyalty and reducing churn. Lin and Zhang (2022) emphasize that personalized insurance enhances perceived service value and consumer security, particularly among digitally engaged users.

Trust is equally critical as interactions increasingly occur online. Pavlou's (2003) model identifies perceived security, transparency, and provider reputation as key trust drivers, while later studies (Kim & Park, 2020) show trust mediates between digital interfaces and consumers' transactional intentions.

The digital transformation of insurance, as outlined by The Geneva Association (2023), is not only a technological shift but also an institutional reconfiguration of the insurance model itself. In emerging economies, factors such as technology accessibility, regulatory frameworks, and the level of digital literacy are especially influential. In the case of Uzbekistan, these aspects become even more relevant due to historically low levels of trust in financial institutions and the relatively recent shift towards digital service delivery.

While research in the Central Asian region remains limited, several studies (Sattorova, 2021; Rahmatov, 2023) indicate that Uzbek consumers demonstrate significant interest in digital insurance products – particularly in the areas of auto insurance and microinsurance – provided that user interfaces are simple and information is transparently communicated. However, there is a notable lack of localized studies specifically examining the influence of personalization on trust, which underscores the relevance of this study.

Research Methodology

This study empirically investigates the relationship between personalization in insurance services and consumer trust amid Uzbekistan's digital insurance transformation. A quantita-

tive, descriptive-analytical approach was employed, using a standardized online survey and multivariate regression analysis to measure consumer behavior, attitudes toward digital services, and trust perceptions.

The target population includes individuals residing in Uzbekistan who have either prior experience with or potential interest in using insurance services in a digital format.

The sample size consisted of $n = 400$ respondents, selected using stratified random sampling, considering the following criteria:

- Age: 18 to 60 years;
- Geography: Tashkent, Samarkand, Bukhara, Fergana, and other regions;
- Digital activity: possession of a smartphone and experience with online purchases.

The questionnaire was developed based on an adapted Technology Acceptance Model (TAM) and included the following key blocks:

- Perceived personalization of insurance offerings (4 items);
- Trust in insurance companies (5 items);
- Behavioral intention to use digital insurance products (3 items).

All items were measured using a 5-point Likert scale, where 1 = "Strongly disagree" and 5 = "Strongly agree."

Data collection was conducted during September–March 2024–2025 via online platforms (Google Forms and a Telegram bot), with the support of partner insurance companies and digital university channels. Participation was voluntary and anonymous.

Data were processed and analyzed using SPSS v.27. The following statistical methods were employed:

- Descriptive statistics (means, standard deviations);
- Pearson's correlation coefficient to examine relationships between variables;
- Multiple linear regression analysis to assess the impact of personalization on trust and behavioral intentions.

The level of statistical significance was set at $p < 0.05$.

Results and discussion

The purpose of this section is to present and interpret the results of the empirical

study conducted among insurance consumers in the Republic of Uzbekistan. The data analysis reveals key patterns in the perception of personalization, levels of trust, and behavioral intentions toward the use of digital insurance products. All calculations were performed using SPSS v.27, employing descriptive statistics, correlation, and regression analysis methods.

A total of 400 respondents participated in the survey. The average age was 31.4 years (SD = 9.2). The sample included:

- 52.3% male and 47.7% female participants;
- 68% urban and 32% rural residents;
- 89% had internet access via smartphones;
- 61% had prior experience with insurance products, while 39% did not.

The perception level of personalization in insurance services ranged from moderate to high. The average score on the Likert scale was 3.71 (SD = 0.78). The highest-rated items related to the customization of offers to individual needs (M = 3.94), while the lowest ratings were given to the transparency of personalized product terms (M = 3.45).

Trust in insurance companies was found to be moderately low, with a mean score of 3.24 (SD = 0.85). The greatest concerns were related to «hidden conditions» and the complexity of the claims process. However, re-

spondents with prior positive insurance experiences reported significantly higher levels of trust (M = 3.67) compared to those without such experience (M = 2.89).

The behavioral intention to use digital insurance products received an average score of 3.58 (SD = 0.73). This indicates a general openness to using digital channels, provided that trust levels increase and the user interface is simplified.

The correlation analysis revealed a statistically significant positive relationship between the perception of personalization and trust ($r = 0.46$, $p < 0.001$), as well as between trust and behavioral intention to use digital insurance ($r = 0.53$, $p < 0.001$). These results confirm interdependence between the key variables of the model.

To test the hypothesis regarding the impact of personalization on trust, a multiple linear regression analysis was conducted. The model was found to be statistically significant:

- $F(2, 397) = 34.82$, $p < 0.001$
- $R^2 = 0.29$, indicating that 29% of the variation in trust levels can be explained by perceived personalization and prior insurance experience.

The strongest predictor was personalization ($\beta = 0.41$, $p < 0.001$). Previous insurance experience also had a significant, though weaker, effect ($\beta = 0.28$, $p = 0.003$).

Table 1. Summary of Key Descriptive Statistics

Variable	Mean (M)	Std. Deviation (SD)	Min	Max
Perceived Personalization	3.71	0.78	1	5
Trust in Insurance Companies	3.24	0.85	1	5
Behavioral Intention to Use Digital Insurance	3.58	0.73	1	5

Source: Author's survey data, 2025 (n = 400)

Table 1 shows that perceived personalization had the highest mean score, followed by behavioral intention and trust. Although consumers acknowledge personalization efforts, moderate trust levels may partly explain their hesitation to fully embrace digital solutions.

The findings confirm that perceived personalization significantly contributes to building consumer trust in insurance providers. The regression analysis identified personalization

as the most influential predictor ($\beta = 0.41$, $p < 0.001$), supporting prior studies by Weinmann et al. (2023) and Lin & Zhang (2022), who emphasized the value of customized services in fostering stronger consumer relationships. In the context of Uzbekistan, where traditional skepticism toward financial institutions still persists, the ability to tailor products to individual needs appears to act as a trust-building mechanism, particularly among younger, tech-savvy demographics.

The results also highlight the role of prior insurance experience in shaping both trust and openness to digital channels. Respondents with previous positive insurance interactions demonstrated significantly higher levels of trust ($M = 3.67$ vs. 2.89), indicating that experience is a critical mediator between personalization and trust. This aligns with findings by Kim & Park (2020), which suggest that digital trust is cumulative and strongly influenced by past experiences.

Moderate behavioral intention ($M = 3.58$) suggests latent demand for digital insurance in Uzbekistan. However, barriers such as concerns over transparency, product clarity, and ease of use persist. Despite wide access to smartphones, these friction points may hinder full adoption of digital services.

These findings are consistent with global literature (Pavlou, 2003; The Geneva Association, 2023), underscoring the importance of user-friendly interfaces, transparent policy terms, and digital literacy efforts in improving trust.

Conclusion and recommendations

This study explored the relationship between perceived personalization, consumer trust, and the intention to use digital insurance platforms in Uzbekistan. Findings confirm that personalization strengthens trust, driving digital adoption. Despite growing digital access, trust in insurers remains moderate due to transparency concerns and past negative experiences. Positive interactions with insurance products, however, significantly boost trust and digital engagement.

The study highlights that personalization acts as a trust-building mechanism, not just a marketing tool. Tailored services increase consumer trust, but sustaining it requires continuous focus on user-centric design, transparency, and service reliability.

Based on the findings of this research, the following recommendations are proposed for insurance providers, regulators, and policy-makers in Uzbekistan:

- Insurance companies should leverage customer data and machine learning models to offer truly individualized products. This includes dynamic pricing, customized coverage options, and tailored communication;
- Clear policy language, straightforward claims procedures, and visible security protocols on digital platforms are essential. Special attention should be paid to explaining the terms of personalized offers to reduce the perception of hidden conditions;
- Companies should develop intuitive mobile and web interfaces and invest in customer education campaigns, particularly targeting older and rural populations. Chatbots and guided tutorials can serve as helpful tools in this effort;
- Testimonials, user stories, and feedback mechanisms can be used strategically to highlight successful digital insurance experiences, thereby reinforcing trust and encouraging broader adoption;
- While digital transformation is crucial, insurers should also maintain offline touchpoints – especially in regions with limited digital access. Human-assisted digital onboarding could ease the transition for first-time users;
- Regulatory authorities should support innovation by encouraging experimentation (e.g., regulatory sandboxes), while ensuring that personalization practices adhere to ethical standards and protect consumer data.

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submitted 15.04.2025;
accepted for publication 29.04.2025;
published 31.03.2025
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