

**"The Effect of Psychological and Trust Factors on Health Insurance
Purchase Intention Among Emerging Consumers: The Moderating Role of
Financial Literacy in an Extended Theory of Planned Behavior Model"**



THESIS

By:

IVAN FADILLAH PRABAWA

22111008

Thesis Supervisor:

Ir. Yulita Fairina Susanti M.Sc., Ph.D

BACHELOR OF BUSINESS ADMINISTRATION

SEKOLAH TINGGI MANAJEMEN IPMI

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**“THE EFFECT OF PSYCHOLOGICAL AND TRUST FACTORS ON
HEALTH INSURANCE PURCHASE INTENTION AMONG EMERGING
CONSUMERS: THE MODERATING ROLE OF FINANCIAL
LITERACY IN AN EXTENDED THEORY OF PLANNED BEHAVIOUR
MODEL”**

**Prepared By:
Ivan Fadillah Prabawa (22111008)**

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CERTIFICATE OF APPROVAL

Name & Student ID : Ivan Fadillah Prabawa (22111008)

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We hereby declare that this Thesis is from student's own work, has been read and presented to Institut IPMI Board of Examiners, and has been accepted as part of the requirements needed to obtain a Bachelor of Business Administration Degree and has been found to be satisfactory.

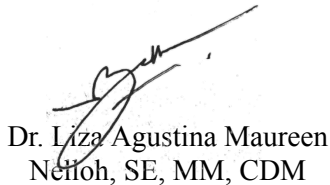
Jakarta, 31st August 2026

Examined by,



Ir. Yulita Fairina Susanti
M.Sc., Ph.D

Thesis Supervisor



Dr. Liza Agustina Maureen
Nelloh, SE, MM, CDM

Chief Examiner



Dr. Eka Sri Dana Afriza,
S.Sos., M.M

Examiner

Acknowledged by,



Prof. Dr. Christina Whidya Utami MM., CLC., CPM (A)
Director of Academic & Student Affairs

NON-PLAGIARISM DECLARATION FORM

This Thesis is a presentation of our original research work. Wherever contributions of others are involved, every effort is made to indicate this clearly, with due reference to the literature, and acknowledgement of collaborative research and discussions.

Also, this work is being submitted in partial fulfillment of the requirements for the Bachelor of Business Administration degree and has not previously been accepted in substance for any degree and is not being concurrently submitted in candidature for any degree.

Jakarta, 31st August 2026



A handwritten signature in black ink, appearing to read 'Ivan' followed by a stylized surname.

Ivan Fadillah Prabawa

TABLE OF CONTENTS

CERTIFICATE OF APPROVAL	3
NON-PLAGIARISM DECLARATION FORM	4
TABLE OF CONTENTS	5
CHAPTER 1: INTRODUCTION	8
1.1. Background	8
1.2. Health Insurance Landscape in Indonesia	9
1.3. Financial Literacy in Indonesia	11
1.3. Emerging Consumers and Health Insurance: The 26–35 Cohort	12
1.4. Research Gap	13
1.5. Problem Identification	14
1.6. Research Questions	15
1.7. Research Objective	16
1.8. Research Scope	17
1.9. Research Benefits	18
1.10. Thesis Structure	18
CHAPTER 2: LITERATURE REVIEW	20
2.1. Theory of Planned Behavior	20
2.2. Definition of Key Terms	21
2.2.1. Health Insurance	21
2.2.2. Purchase Intention	21
2.2.3. Financial Literacy	22
2.3. Constructs	22
2.3.1. Attitude Towards Purchase	22
2.3.2. Subjective Norm	23
2.3.3. Perceived Behavioral Control	23
2.3.4. Trust in Insurance Providers	24
2.3.5. Financial Literacy as a Moderating Variable	24
2.4. Related Prior Research	25
2.5. Hypothesis Development	26
2.6. Conceptual Framework	31
CHAPTER 3: METHODOLOGY	33
3.1. Research Process	33
3.2. Research Approach	34
3.3. Population and Sample	34
3.3.1. Population	34
3.3.2. Sample Method	35

3.3.3. Sample Size	35
3.6. Research Variables	37
3.7. Measurement of Variables	38
3.8. Questionnaire Development	42
3.9. Questionnaire Reliability and Validity	42
3.9.1. Reliability Test	43
3.9.2. Validity Test	43
3.9.3. Multicollinearity Test	44
3.10. Technique of Data Analysis	45
3.10.1. Respondent Profile Analysis	45
3.10.2. Descriptive Analysis	45
3.10.3. Quantitative Data Analysis: PLS-SEM	45
3.11. Hypothesis Testing	47
CHAPTER 4: FINDINGS, ANALYSIS AND DISCUSSION	50
4.1. Data Collection	50
4.2. Descriptive Analysis	51
4.2.1. Respondent Profile	51
4.2.2. Descriptive Statistics of Research Constructs	52
4.3. Measurement (Outer) Model	52
4.3.1. Outer Loadings	52
4.3.2. Discriminant Validity	55
4.3.4. Collinearity Assessment (Outer Model VIF)	59
4.3.5. Collinearity Assessment (Inner Model VIF)	60
4.4. Structural Model Evaluation (Inner Model)	60
4.4.1. Coefficient of Determination (R^2)	61
4.5. Path Coefficients and Hypothesis Testing	62
4.6. Discussion of Results	63
CHAPTER 5: CONCLUSION AND RECOMMENDATION	65
5.2. Managerial and Practical Recommendations	66
5.3. Theoretical Implications	67
5.4. Limitations and Recommendations for Future Research	68
REFERENCES	70

LIST OF FIGURES

Figure 2.1 – Conceptual Framework: An Extended Theory of Planned Behavior Model	31
Figure 3.1 – Research Process Flowchart	33
Figure 4.1 – Structural Model (SmartPLS 4 Output)	61

LIST OF TABLES

Table 1.1. Health Insurance Coverage in Indonesia (2019–2025)	10
Table 1.2. National Financial Literacy and Inclusion Index in Indonesia – SNLIK Survey Years	11
Table 1. 3. Financial Literacy Index by Age Group – OJK SNLIK 2024 & 2025 (Sustainability Method)	12
Table 2.1. Summary of Research Hypotheses	32
Table 3.1. PLS-SEM Sample Size Recommendation (Cohen Table)	36
Table 3.2. Operational Variable Measurement Items	38
Table 3.3. Cronbach's Alpha Reliability Classification	43
Table 3.4. Criteria for PLS-SEM Model Assessment	47
Table 3.5. Hypothesis Testing Decision Criteria	49
Table 4.1. Respondent Demographic Profile (N = 224)	51
Table 4.2. Descriptive Statistics of Research Constructs (1–5 Likert Scale)	52
Table 4.3. Outer Loadings	53
Table 4.5. Fornell-Larcker Criterion	55
Table 4.6. Heterotrait-Monotrait Ratio (HTMT)	56
Table 4.7. Cross Loadings	57
Table 4.9 VIF Result	59
Table 4.10. Collinearity Statistics — Inner Model (VIF)	60
Table 4.10. R-Square Results	61
Table 4.13. Path Coefficients and Hypothesis Testing Results	62

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ABSTRACT

This study examines the psychological and trust-related factors that influence health insurance purchase intention among Indonesian emerging consumers aged 26–35 in the Jabodetabek area, using an extended Theory of Planned Behavior model. The model incorporates Trust in Insurance Providers as an additional predictor alongside the classical constructs of Attitude Towards Purchase, Subjective Norm, and Perceived Behavioral Control, and introduces Financial Literacy as a hypothesized moderating variable. Despite ranking among the country's most financially literate age groups, this cohort continues to exhibit disproportionately low voluntary health insurance ownership relative to their income levels, a paradox that motivates the study. Primary data were collected from 224 respondents through a structured online questionnaire and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) in SmartPLS 4. The results show that all five direct-effect hypotheses are supported: Attitude Towards Purchase, Subjective Norm, Perceived Behavioral Control, Trust in Insurance Providers, and Financial Literacy each exert a significant, positive effect on Purchase Intention, with Trust in Insurance Providers emerging as the strongest predictor. In contrast, none of the four hypothesized moderating effects of Financial Literacy are supported in the expected direction, indicating that Financial Literacy operates as an independent driver of Purchase Intention rather than as an amplifier of the other predictors. The model explains 51.0 percent of the variance in Purchase Intention ($R^2 = 0.510$). These findings suggest that Indonesia's most financially literate emerging consumers remain under-insured not due to a lack of favorable attitudes, social encouragement, perceived capability, or financial knowledge, but because trust in insurance providers has not yet been sufficiently established. The study offers theoretical contributions to insurance research grounded in the Theory of Planned Behavior and practical recommendations for insurers, financial regulators, and policymakers seeking to improve voluntary health insurance uptake among this demographic.

Keywords: Health Insurance, Purchase Intention, Theory of Planned Behavior, Trust in Insurance Providers, Financial Literacy, Emerging Consumers, PLS-SEM

CHAPTER 1: INTRODUCTION

1.1. Background

Health insurance plays a significant role in protecting consumers from unexpected medical expenses. Despite the high population of Indonesia, the penetration of voluntary health insurance remains low. While the country is the fourth most populated in the world, the uptake of voluntary private health insurance is significantly less compared to the public health insurance provider mandated by the government, BPJS Kesehatan. A significant share of Indonesia's population is composed of emerging consumers in the 26–35 age bracket, spanning the oldest segment of Generation Z and the Millennial generation, a group that is financially independent and actively forming long-term financial habits. Despite being health and financially aware consumers, this cohort tends to have low rates of ownership of health insurance relative to their income levels (IDN Research Institute, 2025; Peak Re, 2024). According to Firmansyah and Cesara (2020), the main reasons for the low uptake of health insurance among younger Indonesian consumers are due to the low perceived benefit of such an insurance plan and the knowledge of consumers regarding money and health. This study deliberately excludes the 18–25 segment: while some insurers have begun designing products targeted at this younger group (for example, activity- and sport-injury-specific coverage), consumers in this bracket are largely still dependent, early in their income-earning years, and have not yet formed stable insurance-purchase intentions in the way that financially independent 26–35 year olds have. Pooling both age groups into a single measurement instrument risks conflating two behaviorally distinct populations, so this study narrows its focus to the 26–35 cohort specifically.

Due to these findings, the OJK has placed targets in increasing insurance literacy among these emerging consumers. Understanding why some emerging consumers intend to purchase health insurance while others do not can be explained using the Theory of Planned Behavior (Ajzen, 1985, 1991). The Theory

of Planned Behavior is one of the most well-known theories regarding human behavior. The intention of an individual to perform a certain behavior will lead to the performance of such a behavior (Ajzen, 1985, 1991). Therefore, the intention to purchase health insurance will lead to the purchase of such insurance (Mamun et al., 2021; Mishra et al., 2024). A more detailed discussion of the Theory of Planned Behavior will be presented in Chapter 2 of this research paper.

This study therefore extends the classical Theory of Planned Behavior model in two important ways. First, it incorporates Trust in Insurance Providers as an additional independent variable, recognizing that among younger, digitally-native consumers who are increasingly skeptical of financial institutions post-pandemic, confidence in an insurer's reliability and integrity is a distinct driver of insurance-seeking behavior (Singh & Shah, 2024; Return Journal, 2024). Second, it establishes Financial Literacy as a moderating variable, proposing that the financial knowledge of new consumers shapes the financial knowledge-symbiotic relations concerning the financial, attitudinal, normative, and control consciousness of the crowd and the health disposition of the crowd, as well as their purchase intent. The 26–35 age group is of strategic importance as OJK SNLIK 2024 confirms this cohort has the highest financial literacy index nationally at 74.82%, higher than any other age bracket including the younger 18–25 group at 70.19%, yet private health insurance ownership among this group remains critically low, indicating that financial literacy alone does not translate into purchase action without the right behavioral triggers.

1.2. Health Insurance Landscape in Indonesia

Indonesia has a two-pronged health financing system, consisting of the mandatory National Health Insurance (Jaminan Kesehatan Nasional, JKN) and the optional private health insurance programs. The JKN system, administered by BPJS Kesehatan, is mandatory for the entire population. In contrast, the private health insurance system is supplementary and designed to cover more expensive and more comprehensive health services (including those available at private health services institutions) beyond the JKN system. The JKN system is considered inadequate if one has to rely on private sector or the gig economy

employment. This means that private health insurance is more of a market necessity for the JKN system, which has left a large market segment that is still largely unexploited.

Table 1.1. Health Insurance Coverage in Indonesia (2019–2025)

Year	JKN/BPJS Participants (Million)	Private Health Insurance Premium Income (Rp Trillion)	JKN Population Coverage (%)
2019	224.1	25.3	82.7%
2020	222.5	26.1	81.3%
2021	235.7	27.4	86.3%
2022	248.8	29.8	89.9%
2023	267.3	31.6	95.8%
2024	278.1	~35.5 (annualized est.)	98.45%
2025	282.7	N/A (not yet published)	98.6%

Source: BPJS Kesehatan Annual Reports & Public Expose 2024; OJK Insurance Statistics; Warta Ekonomi (October 2025)

Despite the impressive JKN enrollment figures reaching 98.45% of the population by the end of 2024 and 98.6% by October 2025 a substantial gap remains between mandatory public coverage and voluntary private health insurance adoption. Private health insurance premium income, while growing steadily, reflects a market where supplementary coverage remains underutilized relative to Indonesia's rising incomes and increasing health awareness. This gap in voluntary private insurance uptake points to behavioral and informational barriers as key determinants, which this study seeks to empirically examine.

1.3. Financial Literacy in Indonesia

Financial literacy covers an individual's knowledge, skills, and confidence in making effective financial decisions. The Otoritas Jasa Keuangan (OJK), Indonesia's financial services authority, regularly measures the national financial literacy index as a benchmark for economic policy and education.

**Table 1.2. National Financial Literacy and Inclusion Index in Indonesia
– SNLIK Survey Years**

Survey Year	Financial Literacy Index (%)	Financial Inclusion Index (%)
2013	21.84%	59.74%
2016	29.70%	67.80%
2019	38.03%	76.19%
2022	49.68%	85.10%
2024	65.43%	75.02%
2025	66.46%	80.51%

*Source: OJK SNLIK 2013, 2016, 2019, 2022; OJK-BPS Joint Press Release
SNLIK 2024 & 2025 (Sustainability Method)*

OJK-BPS SNLIK 2025 reports the financial literacy index at 21.84% at the first study in 2013, later showing a large increase to 66.46% in 2025. Starting in 2024, surveys are expected to be conducted on a yearly basis, in collaboration with BPS. There remains a significant gap between financial awareness and the insurance literacy that is particular. The financial inclusion rate dropped to 75.02% in 2024 from 85.10% in 2022; after, it increased to 80.51% in 2025. For the purpose of practical and academic study, the impacts of financial literacy on behaviors and intent to purchase health insurance, especially in younger adults, is a significant research topic as discussed in Section 1.3.

1.3. Emerging Consumers and Health Insurance: The 26–35 Cohort

Emerging consumers are broadly defined as younger generation individuals who have already transitioned into economically independent status, representing a strategically vital yet underserved segment for Indonesia's health insurance market. The 26–35 age group covers the oldest segment of Generation Z (born approximately 1991–1999) and the younger half of the Millennial generation, totaling an estimated 35–40 million individuals in Indonesia, or roughly 13–14% of the national population. Unlike the 18–25 segment, individuals in this range have generally completed their education, hold stable employment, and are the primary decision-makers for their own household financial and health protection choices.

Table 1.3. Financial Literacy Index by Age Group – OJK SNLIK 2024 & 2025 (Sustainability Method)

Age Group	Financial Literacy Index 2024 (%)	Financial Literacy Index 2025 (%)	Financial Inclusion Index 2025 (%)
18–25 years	70.19%	73.22%	89.96%
26–35 years	74.82%	74.04%	86.10%
36–50 years	71.72%	72.05%	85.81%
51–79 years	52.51%	54.55%	66.88%
National Average	65.43%	66.46%	80.51%

Source: OJK-BPS Joint Press Release, SNLIK 2024 & 2025 (Sustainability Method)

As shown in Table 1.3, the 26–35 age group — this study's target population — records the highest financial literacy score of any age bracket nationally in both 2024 and 2025, even surpassing the younger 18–25 group. This paradox, where the most financially literate generation also has among the lowest voluntary health insurance ownership rates, motivates the core inquiry of this

research: what psychological, social, and health-related behavioral factors, and how does financial literacy moderate these factors, in converting emerging consumers' knowledge into actual health insurance purchase intention?

Research by the IDN Research Institute (2025) and Peak Re (2024) documents several characteristics specific to this cohort relevant to health insurance behavior: Gen Z consumers in emerging Asia are generally less aware of health insurance product varieties despite strong overall financial awareness; health consciousness is prominent, with mental health concerns more salient than for older generations; and digital channels heavily mediate both information-seeking and purchase decision processes. These nuances underscore the need for a tailored extended Theory of Planned Behavior model specific to this population.

1.4. Research Gap

A review of prior literature reveals several relevant but incomplete contributions to the area of health insurance adoption and behavioral intention research. Studies adapting the classical Theory of Planned Behavior framework (Ajzen, 1991) have demonstrated the predictive power of attitude, subjective norm, and perceived behavioral control in health related purchase decisions. However, the following gaps remain:

First, most existing studies on health insurance purchase intention focus on broad or working-age adult populations (e.g., 25–60 years), and few specifically examine emerging consumers aged 26–35 as a distinct segment with unique behavioral, financial, and social characteristics. The emerging consumer segment characterized by digital native, peer-driven decision making, and growing skepticism toward financial and insurance institutions post-COVID-19 requires a targeted analytical lens not provided by existing general adult studies (Peak Re, 2024; IDN Research Institute, 2025).

Second, the role of trust in insurance providers as an independent variable in the Theory of Planned Behavior framework for health insurance purchase

intention, particularly among the Indonesian youth, has received scant attention in the literature. Trust and brand reputation have been studied with respect to general financial services adoption among Gen Z and Millennials (Singh & Shah, 2024). However, the role of trust in insurance providers as a determinant of insurance purchase decisions in this group, specifically within an extended Theory of Planned Behavior framework, is unavailable.

Third, despite the general relationship of financial literacy to positive financial choices and the OJK 2024 SNLIK showing that 26-35 year olds represent the highest national financial literacy level (74.82% for ages 26-35), the situation of high financial literacy coupled with low health insurance purchase in this group remains unaddressed. Specifically, the moderating role of financial literacy on the intention to purchase among the emerging consumers of Theory of Planned Behavior is a critical knowledge gap that this study aims to fill.

1.5. Problem Identification

The 26 to 35 age cohort in Indonesia (spanning the oldest segment of Generation Z and the Millennial generation) is financially established and will remain a dominant consumer segment for the next two decades. Voluntary private health insurance in this segment is surprisingly low when their financial literacy (OJK SNLIK, 2024) is at record levels. They are disconnected between their knowledge of finances and the reality of owning insurance. This study will tackle the causes of this issue.

Young and/or new consumers of insurance have various behavioral obstacles when it comes to purchasing health insurance. Some of these obstacles are: being in the early stages of your career and just starting to earn money, spending money on lifestyle priorities, making health insurance decisions based on what your friends do, and focusing on short term consumption (instead focusing on the long term, such as the risks that may arise) (IDN Research Institute, 2025; YouGov, 2025). All of these obstacles must be understood and be placed in a behavioral framework in order to design health insurance in a way that

overcomes these obstacles and is most likely to have the greatest participation from insurance consumers.

Despite the relevance of this population, the behavioral antecedents of health insurance purchase intention namely attitude, subjective norm, perceived behavioral control, and trust in insurance providers have not been comprehensively examined within a single moderated Theory of Planned Behavior framework focused specifically on emerging consumers aged 26–35 in Indonesia. Existing studies tend to focus on broader adult populations and overlook the distinct characteristics of this younger segment.

Financial literacy among the 26–35 age group has reached its highest recorded level per OJK SNLIK 2024 and 2025, yet it has not been empirically tested as a moderating variable specifically conditioning the Theory of Planned Behavior paths to health insurance purchase intention among this segment. This creates a measurable and significant academic and policy gap that this study directly addresses.

There is an urgent need for actionable empirical evidence to help insurance companies, OJK, and the government design youth-targeted products, communication strategies, and financial education programs that effectively convert financial awareness into actual health insurance enrollment among Indonesia's emerging consumer population.

1.6. Research Questions

This research is carried out to answer the following questions:

1. How does Attitude Towards Purchase affect Purchase Intention for health insurance?
2. How does Subjective Norm affect Purchase Intention for health insurance?
3. How does Perceived Behavioral Control affect Purchase Intention for health insurance?

4. How does Trust in Health Insurance Providers affect Purchase Intention for health insurance?
5. What is the direct effect of Financial Literacy on Purchase Intention?
6. How does Financial Literacy moderate the relationship between Attitude Towards Purchase and Purchase Intention?
7. How does Financial Literacy moderate the relationship between Subjective Norm and Purchase Intention?
8. How does Financial Literacy moderate the relationship between Perceived Behavioral Control and Purchase Intention?
9. How does Financial Literacy moderate the relationship between Trust in Insurance Providers and Purchase Intention?

1.7. Research Objective

The primary objectives of this study are as follows:

1. To analyse the effect of Attitude Towards Purchase on Purchase Intention for health insurance.
2. To analyse the effect of Subjective Norm on Purchase Intention for health insurance.
3. To analyse the effect of Perceived Behavioral Control on Purchase Intention for health insurance.
4. To analyse the effect of Trust in Insurance Providers on Purchase Intention for health insurance.
5. To analyse the direct effect of Financial Literacy on Purchase Intention for health insurance.
6. To analyse the moderating effect of Financial Literacy on the relationship between Attitude Towards Purchase and Purchase Intention.

7. To analyse the moderating effect of Financial Literacy on the relationship between Subjective Norm and Purchase Intention.
8. To analyse the moderating effect of Financial Literacy on the relationship between Perceived Behavioral Control and Purchase Intention.
9. To analyse the moderating effect of Financial Literacy on the relationship between Trust in Insurance Providers and Purchase Intention.

1.8. Research Scope

This study focuses on Indonesian emerging consumers (the oldest segment of Generation Z and the Millennial generation) aged between 26 and 35 years, residing in JABODETABEK Area. The following inclusion criteria apply: (1) respondents must be Indonesian citizens, (2) respondents must be aged between 26 and 35 years, capturing the oldest Gen Z cohort (born approximately 1991–1999 relative to the survey year 2025) and Millennials who are in an established stage of independent financial decision-making, (3) respondents must not currently work in the health insurance industry, to avoid professional bias. The 18–25 segment is deliberately excluded from this study: this younger group is still largely dependent, in the early stages of income generation, and has not yet formed the stable financial and insurance-purchase habits that characterize the 26–35 cohort — pooling both groups into a single measurement instrument would conflate two behaviorally distinct populations. The study is conducted using online questionnaires distributed via digital platforms commonly used by this demographic, including WhatsApp, Instagram, and email.

The study does not examine enrollment in BPJS Kesehatan (mandatory national health insurance), focusing exclusively on voluntary private health insurance purchase intention. The scope of the extended Theory of Planned

Behavior framework incorporating Trust in Insurance Providers and Financial Literacy moderation is considered appropriate and sufficient for providing evidence-based recommendations to insurers, OJK, and youth targeted financial education program designers.

1.9. Research Benefits

This research is expected to serve the following benefits:

1. Theoretical Benefits

- To contribute to the academic literature by extending the Theory of Planned Behavior with Trust in Insurance Providers as an independent variable and Financial Literacy as a moderating variable, specifically within the context of emerging consumers aged 26–35 in Indonesia.
- To provide empirical evidence on the psychological and health-related behavioral determinants of health insurance purchase intention among Millennials and Generation Z, filling a segment-specific gap in existing Theory of Planned Behavior-based insurance research.

2. Practical Benefits

- To provide insurance companies with empirically grounded insights into the key behavioral drivers of purchase intention among emerging consumers, enabling more targeted youth-focused product positioning, digital communication strategies, and accessible product design.
- To inform the OJK and government policymakers on how financial literacy education programs for young adults can be optimized to close the gap between high financial literacy scores and low voluntary health insurance adoption rates among the 26–35 cohort.

- To assist insurance stakeholders in understanding how trust in insurance providers — an increasingly decisive factor as post-pandemic consumers grow more skeptical of financial institutions — can be effectively strengthened and leveraged as part of insurance marketing to convert emerging consumers into policyholders.

1.10. Thesis Structure

This thesis is organized into five chapters:

- Chapter 1 – Introduction: The chapter describes the study's background, problem statement, research objectives, scope, limitations, and research benefits.
- Chapter 2 – Literature Review: The chapter discusses relevant prior research, the theoretical framework underpinning the study, the development of hypotheses, and the conceptual framework.
- Chapter 3 – Methodology: The chapter describes the research methodology, population and sampling approach, data acquisition procedures, variable definitions, measurement instruments, and data analysis techniques.
- Chapter 4 – Findings, Analysis, and Discussions: The chapter presents and interprets the research findings based on quantitative analysis, including hypothesis testing results and discussion.
- Chapter 5 – Conclusions and Recommendations: The chapter presents the research conclusions and offers recommendations based on the empirical findings.

CHAPTER 2: LITERATURE REVIEW

2.1. Theory of Planned Behavior

The Theory of Planned Behavior has been one of the most prominent predictive theories to explain behavior in several fields such as health, finance, and business management. Theory of Planned Behavior emerged from the Theory of Reasoned Action proposed by Fishbein and Ajzen (1975). The Theory of Reasoned Action posits that behavior is the result of an individual's intention and is determined by an individual's attitude and the subjective norm. Theory of Planned Behavior represents an improvement to the Theory of Reasoned Action because behavior, as determined by the Theory of Reasoned Action, is intended by the individual. If that is the case, Ajzen's extension of the Theory of Reasoned Action provides the third determinant of intention as a direct predictor of behavior to include behavior impacted by external and perceived internal constraints, to the extension of the Theory of Reasoned Action.

The Theory of Planned Behavior essentially argues that behavior is not an accident and is the result of deliberate mental action. Ajzen (1991) posited that this deliberate mental action is the level of motivation an individual is willing to expend to carry out a goal directed behavior. Behavioral intention is, in turn, impacted by three constructs. The first construct is an assessment by the individual as to whether the behavior is good or bad. The second construct is an assessment of the level of pressure to comply with an important social reference. The third and final construct of the Theory of Planned Behavior is the individual's assessment of the resources available for carrying out the goal directed behavior as well as the individual's level of confidence. The positive the individual's goal directed behavior assessment of the constructs of the Theory of Planned Behavior, as well as the higher the level of confidence that the individual has the greater the likelihood that the individual would carry out the behavior. This intention-behavior link has been confirmed across thousands of empirical studies and meta-analyses, making Theory of Planned Behavior one of the most robust predictive models in the social sciences (Armitage & Conner, 2001).

The relevance of Theory of Planned Behavior to health insurance purchase intention is well-established in the literature. Insurance purchase is a deliberate, intentional behavior influenced by personal evaluation of value, social influence from family and peers, and perceived capability to navigate the purchase process — all of which map directly onto Theory of Planned Behavior's core constructs. In this study, Theory of Planned Behavior is extended by incorporating Trust in Insurance Providers as a fourth independent variable and Financial Literacy as a moderating variable, both theoretically justified by the unique behavioral profile of Indonesia's 26–35 emerging consumer cohort. The definitions of all key variables are presented in Section 2.2, and the detailed construct-level discussion follows in Section 2.3.

2.2. Definition of Key Terms

2.2.1. Health Insurance

Health insurance which is defined as a contract that requires the insured party to pay a premium to the insurer for all medical costs incurred as a result of an accident, illness, or injury. In Indonesia, health insurance products include the mandatory national health insurance scheme (JKN/BPJS Kesehatan) and private health insurance (PHI). According to OJK's (2022) classification, health insurance is a form of protection that covers injury or illness costs and includes coverage of medical expenses for the insured. This research only evaluates the intention to buy voluntary private health insurance.

2.2.2. Purchase Intention

Purchase intention characterizes the perceived likelihood of undertaking a specific buying behavior in the near future, as suggested by Fishbein & Ajzen (1975). With health insurance, purchase intention delineates the extent to which a consumer resolves or is psychologically geared toward the purchase of a health insurance service. Within the Theory of Planned Behavior (Ajzen, 1991), purchase intention is regarded as the strongest and most immediate predictor of a

given behavior. Recent studies have found that purchase intention is a robust predictor of actual health insurance purchase behavior of young adults in developing regions (Mamun et al., 2021; Mishra et al., 2024).

2.2.3. Financial Literacy

Broadly, OJK (2017) defines financial literacy as the ability, awareness, intellect, attitude, and behavioral elements that enable a person to create (a plan to) and achieve optimum financial security. Regarding insurance, financial literacy includes (1) the understanding of the science of risk and the principles of risk and exposure to loss, (2) the ability to calculate the cost of a risk, (3) the nature of an insurance policy, and (4) the knowledge and ability to analyze and evaluate or select one insurance policy over another. Financial literacy has been linked to the use of financial services, such as insurance. Among the youth of developing countries, financial literacy gaps inhibit the adoption of insurance. This has been confirmed by multiple studies, despite the fact that insurance awareness has increased in these countries. (Firmansyah & Cesara, 2020; Return Journal, 2024; OJK, 2022).

2.3. Constructs

2.3.1. Attitude Towards Purchase

Attitude refers to the degree to which an individual evaluates a specific behavior favorably or unfavorably. It is determined by behavioral beliefs—the individual's beliefs about the likely outcomes of the behavior—and the evaluations of those outcomes (Ajzen, 1991). In the health insurance context, a consumer with a positive attitude toward purchasing health insurance believes that doing so will yield beneficial outcomes such as financial security, access to quality healthcare, and peace of mind. Recent empirical studies consistently confirm that a positive attitude is a significant predictor of health insurance purchase intention, particularly among young adults in emerging markets. Mamun et al. (2021) found attitude to be the strongest direct predictor of health insurance

purchase intention among Malaysian working adults, while Mishra et al. (2024) confirmed this finding in an Indian emerging consumer context. In Indonesia, Return Journal (2024) demonstrated that attitude fully mediates the effect of financial literacy on Gen Z purchase intention toward insurance products.

2.3.2. Subjective Norm

Subjective norms describe the impact of peers in a social setting on an individual's choice of behavior. These norms are influenced by the opinion of important individuals whose approval is desired, such as family or community leaders, and the individual's choice to abide by such beliefs (Ajzen, 1991). In Indonesia, a collectivist society that heavily emphasizes the family in decision-making, it is natural to assume that subjective norms will impact people's decision to purchase health insurance. For the group of first-time consumers between the ages of 26 and 35, subjective norms are relevant in family relationships as well as in social networks. Mamun et al. (2021) found that subjective norms influence the purchase of health insurance in working adults, whereas the IDN Research Institute (2025) report found that Indonesian Gen Z consumers are significantly influenced by social media peers and online influencers in the purchase of financial products.

2.3.3. Perceived Behavioral Control

Perceived behavioral control refers to an individual's perception of ease or difficulty of performing a certain behavior, based on past experience and anticipated obstacles. Perceived behavioral control is conceptually similar to self-efficacy and influences behavioral intention both directly and indirectly (Ajzen, 1991). Among emerging consumers, Perceived behavioral control is particularly shaped by perceived affordability and digital accessibility, two dimensions that have grown increasingly salient as insurance companies expand their online and app-based distribution channels (Mishra et al., 2024; IDN Research Institute, 2025). In the health insurance context, Perceived Behavioral Control captures beliefs about financial capacity to afford premiums, ease of navigating the insurance purchase process, and confidence in understanding the terms and conditions of health insurance products.

2.3.4. Trust in Insurance Providers

Trust in Insurance Providers refers to the confidence a consumer places in an insurer's reliability, transparency, and integrity in fulfilling its contractual obligations (Singh & Shah, 2024). Consumers who trust an insurance provider believe that claims will be honored fairly, that policy terms are communicated honestly, and that the institution will act in the policyholder's interest during a time of need. Following the pandemic, both Gen Z and Millennial consumers have become more attentive to institutional reliability, brand reputation, and transparency when engaging with financial and insurance products (Singh & Shah, 2024; Return Journal, 2024). In the context of health insurance, considering an individual's trust in an insurance provider denotes their confidence that the insurer will deliver on its promises, which lowers perceived risk and reduces the psychological barrier to purchase. Therefore, with regard to this population, the Theory of Planned Behavior model can be extended in a theoretically justified and empirically substantiated way (Mishra et al., 2024; Singh & Shah, 2024).

2.3.5. Financial Literacy as a Moderating Variable

In this model, financial literacy is a moderating variable that impacts the strength or direction of the relationship between the independent variables (Attitude, Subjective Norm, Perceived Behavioral Control, and Trust in Insurance Providers) and Purchase Intention. It is defined in the model as the ability to assess and interpret costs of health insurance and positively influence the consumer's purchase intention. Highly financially literate consumers can translate positive attitudes and social forces to insurance buying through in-depth product analyses. In contrast, low financial literacy may inhibit product purchase amid positive attitudes and social forces. Such low financial literacy breeds an apprehension about product evaluations. It is also possible that initial purchase intention is positively impacted as skilled consumers are financially able to assess the cost worth of health insurance.

2.4. Related Prior Research

There is increasing literature regarding the Theory of Planned Behavior and insurance-related behavioral intentions. Chen (2011) was the first to utilize the Theory of Planned Behavior framework to study the determinants of life insurance purchasing in Taiwan. In total, all three core constructs of Theory of Planned Behavior had significant, positive impacts. Loke and Goh (2012) assessed the factors affecting the purchase intentions of medical insurance in Malaysia and validated the importance of attitude and perceived behavioral control. Also, within the context of the Theory of Planned Behavior and the insurance sector in Kenya, Nthiani (2014) proposed that subjective norms, in a collectivist context, were more prevalent than either of the other constructs.

In the context of the youth consumers of Indonesia, Firmansyah and Cesara (2020) indicated that the perceived benefits and financial literacy were the main determinants of the attitudes and purchasing intentions of the youth of Indonesia, specifically the Generation Z cohort, with respect to health insurance. In one of the latest publications in 2024 in the journal *Return*, the authors found that financial literacy, perceived benefits, and demographic factors together explained 68.7% of the intention to purchase health insurance among Gen Z cohort. Attitude was the main mediator in this relationship. With respect to the purchasing intention of life insurance, the same research in *Return* also showed the financial literacy and perceived trust had the most significant effect and showed the same findings in the research published in 2024 among the cohort of Millennials of Indonesia. Also, in the research published by Peak Re in 2024, Gen Z showed that they had the least knowledge of life insurance among all the other cohorts among the six emerging markets in Asia, which also found that Gen Z had dichotomously also the highest financial literacy, which is one of the factors which this study seeks to explore.

Singh and Shah (2024) argue that trust and brand reputation are important factors contributing to private health insurance purchase intention among Gen Z and Millennial cohorts in emerging markets, and hence, trust in insurance providers can be used as an independent variable for the proposed model. The

positive relationship that exists between financial literacy and participation in the insurance market has been established in many contexts and validated Singh and Shah (2024) and Mishra et al. (2024) in the health insurance markets of the emerging economies. This study aims to formulate a joint theory by including all the independent variables and extending the study of the consumer behavior in the 26-35 years category in Indonesia.

2.5. Hypothesis Development

2.5.1. Effect of Attitude Towards Purchase on Purchase Intention

Attitude toward a behavior is one of the most consistently validated predictors of behavioral intention in the Theory of Planned Behavior framework (Ajzen, 1991). In the health insurance domain, Mamun et al. (2021) confirmed a strong positive relationship between attitude and purchase intention among working adults in Malaysia, while Mishra et al. (2024) demonstrated that attitude significantly predicts health insurance purchase intention among emerging consumers in India. Within the Indonesian Gen Z and Millennial context, Return Journal (2024) found that attitude fully mediates the path from financial literacy to health insurance purchase intention, underscoring its central role in this study's model. Individuals who perceive health insurance as beneficial, morally sound, and emotionally satisfying are more likely to exhibit a strong intention to purchase. This leads to the following hypothesis:

H₁: Attitude Towards Purchase has a significant positive effect on Purchase Intention for health insurance.

2.5.2. Effect of Subjective Norm on Purchase Intention

Subjective norms represent the perceived social expectations of significant others regarding a behavior (Ajzen, 1991). Among emerging consumers aged 26–35, social influence operates through both family expectations and digital peer networks. Mamun et al. (2021) confirmed that subjective norms significantly and

positively predict health insurance purchase intention among young working adults in Southeast Asia. In Indonesia specifically, the collectivist social structure amplifies the weight of family and community approval in financial decisions, while social media increasingly serves as an additional normative channel for this demographic (IDN Research Institute, 2025; Return Journal, 2024). This leads to the following hypothesis:

H₂: Subjective Norm has a significant positive effect on Purchase Intention for health insurance.

2.5.3. Effect of Perceived Behavioral Control on Purchase Intention

The ability of an individual to perform a certain behavior is referred to as perceived behavioral control, as defined by Ajzen (1991). For emerging consumers, Perceived Behavioral Control is built by components such as perceived affordability, digital accessibility, and ability to confidently interact with various insurance products. Mishra and colleagues (2024) confirmed Perceived Behavioral Control as a robust positive determinant of health insurance purchase intention in an emerging market, while Mamun and colleagues (2021) also confirmed this factor among Southeast Asian young adults. For the 26 to 35 age group, the perceived ease of digital insurance platforms has enhanced Perceived Behavioral Control and has intensified the intention (behavior) influence (IDN Research Institute, 2025).

H₃: Perceived Behavioral Control has a significant positive effect on Purchase Intention for health insurance.

2.5.4. Effect of Trust in Insurance Providers on Purchase Intention

Consumers who trust an insurance provider are more likely to believe that claims will be settled fairly and that the institution will act in good faith, which lowers perceived risk and strengthens intention to purchase (Singh & Shah, 2024). This is especially relevant for the post-pandemic Gen Z and Millennial cohorts,

for whom skepticism toward financial institutions has increased alongside greater access to information about insurer track records. Recent research by Singh and Shah (2024) identifies that consumers in emerging Asian markets place significant weight on brand reputation and perceived trustworthiness when evaluating private health insurance products. Research in the Return Journal (2024) further establishes that perceived trust is among the most significant predictors of insurance purchase intention among Indonesian Millennial consumers. Thus, trust in insurance providers is a suitable candidate for this extended Theory of Planned Behavior model.

H4: Trust in Insurance Providers has a significant positive effect on Purchase Intention for health insurance.

2.5.5. Direct Effect of Financial Literacy on Purchase Intention

Beyond its moderating role, financial literacy is expected to have a direct positive effect on health insurance purchase intention. Financially literate individuals are more capable of recognizing the value of insurance as a risk management tool and are more likely to actively seek out health insurance products. This direct effect has been empirically confirmed in the Indonesian context by Firmansyah and Cesara (2020) and Return Journal (2024), both finding a significant positive direct path from financial literacy to insurance purchase intention among Gen Z and Millennial respondents. Singh and Shah (2024) additionally found that health insurance literacy directly and significantly predicted private health insurance purchase intention in an emerging market setting, while OJK (2022) explicitly identifies financial literacy improvement as a primary lever for increasing voluntary insurance adoption among Indonesian youth.

H5: Financial Literacy has a significant positive direct effect on Purchase Intention for health insurance.

2.5.6. Moderating Effect of Financial Literacy on Attitude and Purchase Intention

Financially literate individuals are better able to evaluate the utility and benefits of health insurance, thereby reinforcing positive attitudes into definitive purchase intentions. Return Journal (2024) found that among Indonesian Gen Z consumers, financial literacy significantly strengthened the effect of attitude on health insurance purchase intention, with attitude serving as the key mediating mechanism. Mamun et al. (2021) similarly found that insurance literacy amplified attitudinal effects on purchase intention among young adults in Malaysia. For emerging consumers in the 26–35 bracket, where attitudes are still being formed, financial literacy acts as a catalyst that converts positive general feelings about insurance into concrete behavioral intent.

H₆: Financial Literacy positively moderates the relationship between Attitude Towards Purchase and Purchase Intention.

2.5.7. Moderating Effect of Financial Literacy on Subjective Norm and Purchase Intention

Subjective norms provide social motivation to purchase insurance, but the capacity to act on this social pressure is enhanced when individuals possess the financial knowledge to make informed decisions. Among emerging consumers, social influence from family and peers may encourage insurance consideration, but financial literacy determines whether this encouragement translates into actual purchase steps — such as comparing plans, understanding premiums, or completing enrollment (Mamun et al., 2021; Return Journal, 2024). Without sufficient financial literacy, social pressure alone may not overcome informational barriers to purchase.

H₇: Financial Literacy positively moderates the relationship between Subjective Norm and Purchase Intention.

2.5.8. Moderating Effect of Financial Literacy on Perceived Behavioral Control and Purchase Intention

Perceived behavioral control reflects confidence in one's ability to engage in insurance purchasing. Financial literacy directly enhances this confidence by equipping emerging consumers with the knowledge to assess affordability, compare policy options, and understand insurance contract mechanics. Among the 26–35 cohort — where income is often entry-level and insurance products can seem complex — financial literacy can transform a vague sense of capability into a genuine, actionable sense of control over the purchase process (Mishra et al., 2024; OJK, 2022). Higher financial literacy is therefore expected to strengthen the effect of perceived behavioral control on purchase intention.

H₈: Financial Literacy positively moderates the relationship between Perceived Behavioral Control and Purchase Intention.

2.5.9. Moderating Effect of Financial Literacy on Trust in Insurance Providers and Purchase Intention

Trust in an insurance provider lowers the perceived risk of a purchase, while financial literacy provides the instrumental knowledge to translate that reduced risk perception into concrete health insurance purchase action. This interaction is particularly pronounced among Gen Z and Millennial consumers: Singh and Shah (2024) document that while trust in a provider is a strong driver of purchase interest in this cohort, many consumers still lack the product knowledge to evaluate whether a trusted provider's policy actually suits their needs. Return Journal (2024) further supports this dynamic in the Indonesian context, where consumers with higher financial literacy were significantly more likely to convert trust in an insurer into an actual insurance purchase intention. Financial literacy is therefore expected to strengthen the relationship between trust in insurance providers and purchase intention.

H₉: Financial Literacy positively moderates the relationship between Trust in Insurance Providers and Purchase Intention.

2.6. Conceptual Framework

Based on the literature review and hypothesis development above, the following conceptual framework guides this research. The framework is an extension of the Theory of Planned Behavior incorporating Trust in Insurance Providers as an additional independent variable and Financial Literacy as the moderating variable.

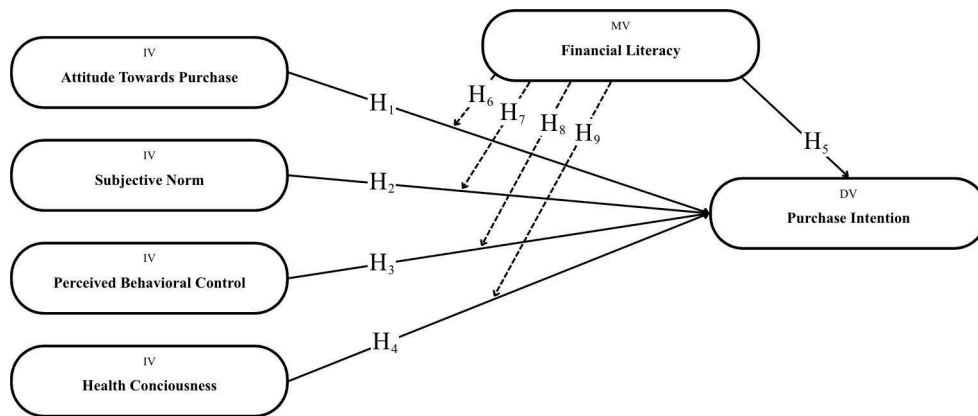


Figure 2.1 – Conceptual Framework: An Extended Theory of Planned Behavior Model

(Source: Author, 2026)

The framework illustrates the following relationships:

- Independent Variables: Attitude Towards Purchase (H₁), Subjective Norm (H₂), Perceived Behavioral Control (H₃), and Trust in Insurance Providers (H₄) each directly affect Purchase Intention.
- Moderating Variable: Financial Literacy moderates the relationships between each of the four independent variables and Purchase Intention (H₅, H₆, H₇, H₈), and also exerts a direct effect on Purchase Intention (H₉).

- Dependent Variable: Purchase Intention for voluntary private health insurance.

Table 2.1. Summary of Research Hypotheses

Hypothesis	Statement	Type
H ₁	Attitude Towards Purchase → Purchase Intention (+)	Direct Effect
H ₂	Subjective Norm → Purchase Intention (+)	Direct Effect
H ₃	Perceived Behavioral Control → Purchase Intention (+)	Direct Effect
H ₄	Trust in Insurance Providers → Purchase Intention (+)	Direct Effect
H ₅	Financial Literacy → Purchase Intention (+)	Direct Effect
H ₆	Financial Literacy positively moderates Attitude → Purchase Intention	Moderation
H ₇	Financial Literacy positively moderates Subjective Norm → Purchase Intention	Moderation
H ₈	Financial Literacy positively moderates PBC → Purchase Intention	Moderation
H ₉	Financial Literacy positively moderates Trust in Insurance Providers → Purchase Intention	Moderation

Source: Author, 2026

CHAPTER 3: METHODOLOGY

3.1. Research Process

Figure 3.1 outlines how one follows a sequenced steps to conduct research. This process starts by identifying the topic you wish to research and the background. After identifying these two, you need to review relevant literature. Upon completion of your review, the research and conceptual framework is created. After completion of the framework and the design of the survey, the researcher tests the designed survey to determine reliability and validity. After checking the instrument, the researcher commences with the collection of data. After the completion of the data collection, the researcher will run the data through SmartPLS 4, and conduct a PLS-SEM analysis and then conduct a hypothesis testing. Finally, the researcher will discuss the findings and provide the conclusion and recommendation.

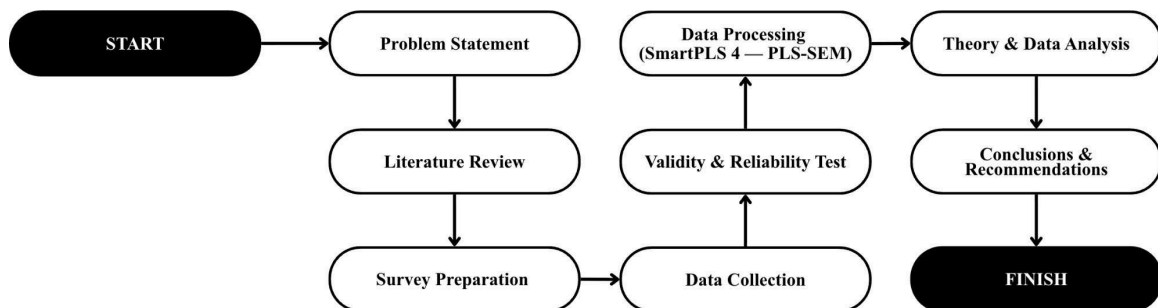


Figure 3.1 – Research Process Flowchart

(Source: Author, 2025)

3.2. Research Approach

This study is modelled on deductive and quantitative benchmarks. According to the literature on deductive modeling, the rationale begins with the construction of deductive pathways from generalized postulates to specific cases

and/or from the Theory of Planned Behavior. Quantitative research is the methodical collection of numerical data to test research hypotheses, in this case, with deductive modeling (Sekaran & Bougie, 2016).

A cross-sectional survey design was used in this research to collect data from people once in time. This is the best approach for this research to gauge how people think about normative beliefs, what people intend to do, and what their attitudes are. The main data gathering tool was an online questionnaire, which minimized the effects of geographical location and distance.

The approach to sampling was purposive sampling. Black (2010) identifies purposive sampling, also termed judgmental or selective sampling, as a non-random sampling method in which the research designer incorporates, for example, specific traits in people that would potentially make them most appropriate to create the sample from. From a cost-benefit perspective, this was the most appropriate design to achieve a sample whose members could offer the best possible responses a reasonable cost to test the hypotheses.

3.3. Population and Sample

3.3.1. Population

The population of this study comprises Indonesian emerging consumers — the oldest segment of Generation Z and the Millennial generation — residing in Jabodetabek (Jakarta, Bogor, Depok, Tangerang, and Bekasi) who satisfy the following eligibility criteria: (i) they are Indonesian citizens; (ii) they are aged between 26 and 35 years, a cohort that is financially independent and established in their careers, distinct from the 18–25 segment whose financial and insurance-purchase behavior is still forming; (iii) they are not currently employed in the health insurance industry, to control for professional knowledge bias; and (iv) they do not currently own private health insurance. The study specifically targets those who have not yet purchased private health insurance, as the research objective is to understand the behavioral, psychological, and health-related factors that drive or inhibit purchase intention among this underinsured segment.

3.3.2. Sample Method

This research utilizes purposive sampling, also known as judgmental sampling or selective sampling, as its sampling methodology. Purposive sampling is a type of non-probability sampling in which individuals are chosen based on certain pre-established criteria that are pertinent to the research, as opposed to being chosen randomly (Black, 2019; Sekaran & Bougie, 2019). This sampling technique is most suitable for this research because it effectively targets respondents of the 26–35 years old emerging consumer demographic in Jabodetabek, which is the population that this research aims to study the behavioral intent of the respondents concerning the purchase of health insurance.

Within the boundaries of purposive sampling, respondents are chosen based on the four criteria of eligibility described in Section 3.3.1. The questionnaire is distributed electronically via WhatsApp, Instagram, other online platforms, and campus networks, focusing only on those who satisfy all the criteria. This method is dominant, as the majority of the respondents are expected to interact with the platform. It is also helpful in target population and focus sample selection.

3.3.3. Sample Size

Sample size determination follows the recommendations of Hair et al. (2022) for Partial Least Squares Structural Equation Modeling (PLS-SEM). The PLS-SEM technique is particularly suited for smaller to medium sample sizes and prediction-oriented research. According to the Cohen (1992) power analysis table, for a model with a maximum of 5 predictors pointing to any endogenous construct — the dependent variable Purchase Intention receives paths from four independent variables, one moderating variable, and four interaction terms — and at a statistical power of 80% with a significance level of 5% and a minimum R^2 of 0.25, the recommended minimum sample size is approximately 100–120 respondents.

The target sample for this study is set at a minimum of 150 respondents to ensure adequate statistical power and to account for potential incomplete or invalid responses. The Cohen Table reference for PLS-SEM sample size is presented in Table 3.1 below.

Table 3.1. PLS-SEM Sample Size Recommendation (Cohen Table)

Maximum Arrows Pointing to a Construct	Significance Level 1%	Significance Level 5%	Significance Level 10%
2	158	110	88
3	176	124	100
4	191	137	111
5	205	147	120
6	217	157	128

Source: Cohen, J. (1992). A power primer. Psychological Bulletin, 112, 155-519.

3.4. Source of Data

This research employs both primary and secondary data sources. Sekaran & Bougie (2019) clarify that primary data is defined as data that is sought/collected directly by the researcher to achieve a particular research goal. In this research, primary data is obtained using a structured, self-administered online questionnaire, which is designed based on research variables and indicators specified in Chapter two.

Secondary data is collected for the purpose of contextualizing and substantiating the primary findings. Sources of secondary data comprise of peer-reviewed scholarly journal articles, books, OJK and BPJS Kesehatan's industry publications, governmental data, and trustworthy online data repositories.

3.5. Data Collection

The primary tool used for the data collection is an online questionnaire Google Forms. The questionnaire contains two sections. The first section aims to find out respondent demographics which include the respondent's gender, age, level of education, employment status, income range, and current health insurance (whether they have BPJS, private insurance, both, or none). The second section includes measurement items for all research variables that will be captured on a 5-point Likert scale. The target population of this research is predominantly aged 26-35, individuals of this age group are highly active on different social media and messaging apps. For this reason, the best way to capture data for this research is an online survey.

The questionnaire will be shared by online apps such as WhatsApp, Instagram, and other social media apps, and other online communities and campus networks. The respondents will be Indonesian citizens aged 26-35 living in Jabodetabek, and they will be selected using purposive sampling. The survey will be fully sent out by June 2026.

3.6. Research Variables

This research employs five variables: Attitude Towards Purchase, Subjective Norm, Perceived Behavioral Control, and Trust in Insurance Providers serve as independent variables; Financial Literacy serves as the moderating variable; and Purchase Intention serves as the dependent variable. The interaction terms between Financial Literacy and each independent variable is constructed within the PLS-SEM framework using the product indicator method for moderation analysis (Sekaran & Bougie, 2019; Hair et al., 2017).

3.7. Measurement of Variables

All variables were operationalized using multi-item reflective scales derived from previously validated questionnaires. Using multiple indicators for a construct improves both the reliability of the measurement and construct validity

(Churchill, 1979). A five-point Likert scale was used for the items, with the scale points representing 1 (Strongly Disagree) to 5 (Strongly Agree). In the interest of combating survey fatigue, the number of items for each variable was restricted to six, in line with the literature that found that long surveys notably heightened the propensity for aimless answers, straight-lining, and dropping out — especially among the younger audiences that first adapted to digital (Krosnick, 1991). Thus, with six variables and six items for each, the measurement coverage of 36 items was sufficient for the online survey. This can be found in Table 3.2 as a complete measurement of the variables.

Table 3.2. Operational Variable Measurement Items

Variable	Dimension	Code	Indicator / Measurement Item	Source
Attitude Towards Purchase	Behavioral Evaluation	AT1	I believe purchasing health insurance is a wise financial decision.	Mamun et al. (2021)
		AT2	I think having health insurance is the responsible thing to do.	Mamun et al. (2021)
	Affective Response	AT3	Having health insurance gives me a sense of security.	Mishra et al. (2024)
		AT4	I feel at ease knowing I am protected by health insurance.	Mishra et al. (2024)
	Perceived Outcomes	AT5	I believe health insurance provides good value relative to its cost.	Mamun et al. (2021)
		AT6	I think health insurance is an important part of financial planning.	Mishra et al. (2024)

Subjective Norm	Normative Beliefs	SN1	My family members think I should have private health insurance.	Mamun et al. (2021)
		SN2	My close friends think that owning health insurance is important.	Mamun et al. (2021)
	Motivation to Comply	SN3	I am motivated to follow my family's expectations regarding health insurance.	Mishra et al. (2024)
		SN4	People whose opinions I value believe I should own health insurance.	Mishra et al. (2024)
	Perceived Social Pressure	SN5	I feel social pressure from my surroundings to purchase health insurance.	Mamun et al. (2021)
		SN6	People in my social circle generally encourage owning health insurance.	Mishra et al. (2024)
	Control Beliefs	PB1	I have sufficient financial resources to pay for health insurance premiums.	Mamun et al. (2021)
		PB2	I am confident in my ability to understand health insurance terms.	Mamun et al. (2021)
Perceived Behavioral Control	Perceived Ease	PB3	The process of purchasing health insurance is straightforward for me.	Mishra et al. (2024)
		PB4	I can access health insurance products through digital platforms with ease.	Mishra et al. (2024)

	Self-Efficacy	PB5	I feel in control of my decision to purchase health insurance.	Mamun et al. (2021)
		PB6	I know exactly what steps to take if I decided to buy health insurance.	Mishra et al. (2024)
Trust in Insurance Providers	Reliability Beliefs	TR1	I believe my health insurance provider will honor its claims fairly.	Singh & Shah (2024)
		TR2	I trust that my health insurance provider acts in its policyholders' best interest.	Singh & Shah (2024)
	Transparency	TR3	Insurance providers clearly explain their policy terms and conditions.	Singh & Shah (2024)
		TR4	I believe health insurance companies are honest about what is and is not covered.	Singh & Shah (2024)
	Institutional Confidence	TR5	I have confidence in the overall reputation of health insurance companies in Indonesia.	Singh & Shah (2024)
		TR6	I trust that my personal data will be handled securely by the health insurance provider.	Singh & Shah (2024)
Financial Literacy	Financial Knowledge	FL1	I understand how health insurance premiums work.	Lusardi & Mitchell (2014)
		FL2	I understand the concept of risk pooling in health insurance.	Lusardi & Mitchell (2014)

	Insurance Literacy	FL3	I can compare different health insurance products to identify better value.	Tennyson (2011)
		FL4	I understand the difference between BPJS coverage and private health insurance.	OJK (2022)
	Financial Confidence	FL5	I feel confident in making financial decisions related to insurance.	Lusardi & Mitchell (2014)
		FL6	I can assess whether a health insurance plan is affordable within my budget.	Lusardi & Mitchell (2014)
Purchase Intention	Behavioral Intention	PI1	I intend to purchase private health insurance in the near future.	Mamun et al. (2021)
		PI2	I am likely to purchase health insurance within the next 12 months.	Mamun et al. (2021)
	Willingness	PI3	I am willing to allocate part of my monthly income to health insurance premiums.	Mishra et al. (2024)
		PI4	Given the opportunity, I would subscribe to a private health insurance plan.	Mishra et al. (2024)
	Future Action	PI5	I plan to search for health insurance options in the near future.	Mamun et al. (2021)
		PI6	My overall intention to purchase private health insurance is strong.	Mishra et al. (2024)

Source: Author, 2025 — adapted from Mamun et al. (2021), Mishra et al. (2024), Singh & Shah (2024), Lusardi & Mitchell (2014), Tennyson (2011), OJK (2022)

3.8. Questionnaire Development

The two parts of the questionnaire are described below. The first part asks for demographic details, e.g., age, gender, highest education level, job status, monthly earnings, and health insurance. This part notes if and which insurance the respondent has. This information can be used in respondent profiling and for subgroup analysis.

The second part provides details of the five constructs researched in the study. The five constructs are asked using a five-point Likert scale. For each question, the available response options are:

1. Strongly Disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly Agree

All items were reviewed by the academic supervisor and two fellow researchers to ensure clarity, cultural appropriateness, and conceptual equivalence with the original scales. A Focus Group Discussion (FGD) was conducted with a small group of respondents from the 26–35 age group to confirm that all items were clearly understood and unambiguous before full-scale distribution.

3.9. Questionnaire Reliability and Validity

The reliability and validity of the measurement instrument are assessed using the criteria established in PLS-SEM literature (Hair et al., 2022; Sekaran &

Bougie, 2019). These assessments are conducted as part of the outer model evaluation in SmartPLS 4 during the data analysis stage.

3.9.1. Reliability Test

Reliability refers to the consistency and stability of measurement across repeated observations (Carmines & Zeller, 1979). This study employs two measures of reliability:

- Cronbach's Alpha: The most widely used indicator of internal consistency. Cronbach's Alpha values range from 0 to 1, with values ≥ 0.70 considered acceptable, values ≥ 0.80 considered good, and values ≥ 0.90 considered excellent (Sekaran & Bougie, 2019). A minimum threshold of 0.70 is applied in this study.
- Composite Reliability (CR): Also known as construct reliability, CR accounts for the actual outer loadings of indicator variables and is considered a more accurate estimate of reliability in PLS-SEM. Acceptable CR values range from 0.60 to 0.90 (Hair et al., 2022).

Table 3.3. Cronbach's Alpha Reliability Classification

Cronbach's Alpha Value	Classification
$\alpha \geq 0.9$	Excellent
$0.8 \leq \alpha < 0.9$	Good
$0.7 \leq \alpha < 0.8$	Acceptable
$0.6 \leq \alpha < 0.7$	Questionable
$\alpha < 0.6$	Unacceptable

Source: Cronbach (1951); Sekaran & Bougie (2019)

3.9.2. Validity Test

Validity refers to the degree to which the measurement instrument actually measures what it purports to measure (Taherdoost, 2016). Two types of validity are assessed in this study:

- **Convergent Validity:** Assessed using Average Variance Extracted (AVE). AVE represents the average proportion of variance captured by a construct's indicators. A minimum AVE value of 0.50 is required, indicating that the construct explains at least 50% of the variance in its indicators (Hair et al., 2022).
- **Discriminant Validity:** Assessed using cross-loading analysis and the Fornell-Larcker criterion. Discriminant validity confirms that each construct is distinct and that its indicators have higher loadings on their own construct than on other constructs in the model (Hair et al., 2022).

3.9.3. Multicollinearity Test

Multicollinearity appears when predictor variables in a structural model are highly correlated, which can cause misspecification of path coefficients and increase the standard errors (Hair et al., 2022). The variance inflation factor (VIF) is used in PLS-SEM to evaluate multicollinearity on the indicator and construct levels.

At the indicator level, VIF is used to detect collinearity among items within the same construct. At the construct level, VIF is calculated for each predictor variable in the structural model to ensure that the independent and moderating variables do not exhibit excessive inter-correlation. The generally accepted threshold is a VIF value of less than 5.0, with values below 3.3 considered ideal for common method bias concerns (Kock, 2015; Hair et al., 2022). All constructs in this study — Attitude Towards Purchase, Subjective Norm, Perceived Behavioral Control, Trust in Insurance Providers, and Financial Literacy — will be assessed for multicollinearity prior to hypothesis testing to

ensure the integrity of the path coefficient estimates.3.10. Technique of Data Analysis

3.10.1. Respondent Profile Analysis

Demographic data collected in Section 1 of the questionnaire are analyzed using descriptive statistics. Frequency distributions, percentages, and graphical representations (charts, graphs, and tables) are used to summarize the respondent characteristics, including gender, age group, education level, employment status, income range, and current insurance status.

3.10.2. Descriptive Analysis

Descriptive analysis is conducted to understand the central tendency and distribution of responses for each measurement item and construct. Mean scores, standard deviations, and frequency distributions are calculated for all Likert-scale items. This analysis provides an overview of respondents' general attitudes, perceptions, and intentions regarding health insurance prior to multivariate hypothesis testing.

3.10.3. Quantitative Data Analysis: PLS-SEM

This study employs Partial Least Squares Structural Equation Modeling (PLS-SEM) as the primary statistical technique for hypothesis testing. PLS-SEM is well-suited for this research because: (1) it accommodates relatively small sample sizes; (2) it handles latent variables measured by multiple indicators; (3) it is appropriate for prediction-oriented research with complex models involving moderation; and (4) it does not require normality assumptions (Hair et al., 2022; Ringle et al., 2022).

The PLS-SEM analysis is conducted in SmartPLS 4 and encompasses three stages:

1. Outer Model Assessment (Measurement Model): The assessment will follow what has been summarized in Section 3.9. This encompasses analysis of indicator loadings (no loading below 0.70), Cronbach's

Alpha, Composite Reliability, Average Variance Extracted, and discriminant validity via cross-loadings and the Fornell-Larcker criterion.

2. Inner Model Assessment (Structural Model): The model's predictive accuracy is assessed through the coefficient of determination (R^2) and classified as substantial, moderate, and weak, with the bounds as 0.75, 0.50, and 0.25, respectively (Hair et al., 2022). The predictive relevance, designated as Q^2 , is also assessed through the methodology of blindfolding.
3. Hypothesis Testing: The significance and path coefficient of the hypotheses are assessed via bootstrapping, with 5,000 subsamples and a 95% confidence level. A positive directional effect as hypothesized is assessed through the application of a one-tailed test. There is acceptance of the hypothesis if the t-statistic is greater than 1.645 at a one-tailed ($\alpha = 0.05$) level, or if the p-value is determined to be less than 0.05. The construction of interaction terms is performed via the product indicator approach within SmartPLS for the moderation hypotheses (H_6 - H_9).

Table 3.4. Criteria for PLS-SEM Model Assessment

Assessment	Criterion	Threshold / Acceptable Range
Indicator Loading	Outer Loading	≥ 0.70
Internal Consistency	Cronbach's Alpha	≥ 0.70
Construct Reliability	Composite Reliability	0.60 – 0.90
Convergent Validity	Average Variance Extracted (AVE)	≥ 0.50
Discriminant Validity	Cross-loadings/ Fornell-Larcker	Indicator loads highest on own construct

Multicollinearity	Variance Inflation Factor (VIF)	< 5.0 (ideally < 3.3)
Explanatory Power	R ² (Coefficient of Determination)	0.75 = Substantial; 0.50 = Moderate; 0.25 = Weak
Predictive Relevance	Q ² (Blindfolding)	> 0 indicates predictive relevance
Hypothesis Testing	T-statistic / P-value	t > 1.645; p < 0.05 (one-tailed)

Source: Hair et al. (2022); Ringle et al. (2022)

3.11. Hypothesis Testing

The study uses the bootstrapping method from SmartPLS 4 to do hypothesis testing. Bootstrapping is a type of statistical sampling. Namely, the method draws subsamples from the original sample in order to form a functional sample distribution. As a result, the method helps the researcher form a sample that requires confidence in its normal distribution. The attribution of the distribution in the sample can be done in the sense that it is easy to form confidence intervals and lower standard errors of sample members. The present study uses a confidence level of 95% and 5,000 subsamples. The number of bootstrap subsamples used in the present study also follows the instruction of Hair et al. (2022) and is also in line with the number of proposed bootstrap subsamples in PLS-SEM.

All the proposed hypotheses in the present study are positive. Therefore, hypothesis H₁ through H₅ are positive predictors of Purchase Intention and H₆ through H₉ are positive predictors of Financial Literacy. Therefore, a one-tailed hypothesis testing method is used. Among the methods of one-tailed hypothesis testing, a one-tailed hypothesis is used if the direction of the hypothesis is justified. The decision criteria for hypothesis acceptance are as follows:

- T-statistic: The bootstrapped t-statistic must exceed the critical value of 1.645 for a one-tailed test at the 5% significance level.

- P-value: The p-value must be less than 0.05 ($\alpha = 0.05$) for the hypothesis to be supported.
- Path Coefficient: The sign of the path coefficient must be positive, consistent with the direction hypothesized.

A hypothesis is accepted when all three criteria are simultaneously satisfied — a positive path coefficient, t-statistic greater than 1.645, and p-value less than 0.05. For the moderation hypotheses (H_6 – H_9), interaction terms between Financial Literacy and each independent variable are constructed using the product indicator approach within SmartPLS 4 before bootstrapping is applied. A hypothesis is rejected when the t-statistic falls below 1.645 or the p-value exceeds 0.05, regardless of the direction of the path coefficient.

Table 3.5. Hypothesis Testing Decision Criteria

Criterion	Threshold	Decision
T-statistic (one-tailed)	> 1.645	Hypothesis Supported
P-value	< 0.05	Hypothesis Supported
Path Coefficient Sign	Positive (+)	Consistent with Hypothesis Direction
T-statistic (one-tailed)	≤ 1.645	Hypothesis Rejected
P-value	≥ 0.05	Hypothesis Rejected

Source: Hair et al. (2022); Ringle et al. (2022)

CHAPTER 4: FINDINGS, ANALYSIS AND DISCUSSION

4.1. Data Collection

The online questionnaire was distributed through WhatsApp, Instagram, and professional and campus networks to Indonesian consumers aged 26–35 residing in the Jabodetabek area, following the purposive sampling procedure outlined in Section 3.3.2. After applying the five screening criteria specified in Section 3.3.1 — age (26–35), Indonesian citizenship, Jabodetabek residency, non-employment in the health insurance industry, and non-ownership of any existing voluntary health insurance policy — and removing incomplete or invalid responses, a total of 224 valid responses were retained for the final analysis.

This final sample exceeds the minimum target of 150 respondents established in Section 3.3.3, and comfortably clears the Cohen (1992) power-analysis benchmark of 147 respondents required for a model with 5 arrows pointing to the endogenous construct at a 5% significance level and 80% statistical power (Table 3.1). The achieved sample size therefore provides adequate statistical power for the PLS-SEM analysis conducted in this chapter.

Table 4.1a. Respondent Screening Criteria (N = 224)

Screening Criteria	Sample (N)	Percentage (%)
Age between 26–35 years old		
Yes	224	100%
No	0	0%
Indonesian citizen		
Yes	224	100%
No	0	0%
Resides in JABODETABEK area		
Yes	224	100%
No	0	0%
Currently works in health insurance industry		
Yes	0	0%
No	224	100%
Currently owns a voluntary health insurance policy (other than BPJS Kesehatan)		
Yes	0	0%
No	224	100%

Source: Authors' data, 2026

4.2. Descriptive Analysis

This section presents the descriptive characteristics of the 224 respondents and the general pattern of their responses to the research constructs, prior to the measurement and structural model analysis presented in Sections 4.3 to 4.5.

4.2.1. Respondent Profile

The demographic profile of respondents, including gender, age range (26–30 vs. 31–35), highest education level, employment status, monthly income range, and current health insurance coverage status, is summarized in Table 4.1.

Table 4.1. Respondent Demographic Profile (N = 224)

Profile	Sample (N)	Percentage (%)
Gender		
Male	90	40.2%
Female	134	59.8%
Education Background		
High School	44	19.6%
Diploma (D3)	11	4.9%
Bachelor's Degree (S1)	145	64.7%
Master's Degree (S2) or higher	24	10.7%
Occupation		
Full-time employee	164	73.2%
Self-employed / Freelancer	28	12.5%
Entrepreneur	11	4.9%
Student	11	4.9%
Unemployed	6	2.7%
Other	4	1.8%
Monthly Income		
< Rp 5,000,000	38	17.0%
Rp 5,000,001 – Rp 10,000,000	28	12.5%
Rp 10,000,001 – Rp 20,000,000	89	39.7%
Rp 20,000,001 – Rp 30,000,000	51	22.8%
> Rp 30,000,000	18	8.0%

Source: Author, 2026

4.2.2. Descriptive Statistics of Research Constructs

Mean scores and standard deviations for each measurement item and construct, based on the original 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree), are presented in Table 4.2, following the descriptive analysis procedure outlined in Section 3.10.2.

Table 4.2. Descriptive Statistics of Research Constructs (1–5 Likert Scale)

Construct	Overall Mean	Standard Deviation	Category / Level
Attitude Toward Purchase	3.772	1.2	High
Financial Literacy	3.769	1.211	High
Perceived Behavioral Control (PB)	3.757	1.207	High
Purchase Intention	3.768	1.191	High
Subjective Norm	2.993	1.093	Moderate
Trust in Health Insurance Providers	2.972	1.098	Moderate

Source: Author, 2026

4.3. Measurement (Outer) Model

The measurement (outer) model was evaluated using the criteria established in Section 3.9 and summarized in Table 3.4, encompassing indicator, internal consistency reliability (Cronbach's Alpha and Composite Reliability), convergent validity (Outer Loading and Average Variance Extracted), and discriminant validity (Fornell-Larcker criterion, Heterotrait-Monotrait ratio, and cross-loadings). All analyses were conducted in SmartPLS 4 (Ringle et al., 2022) using the final sample of 224 respondents.

4.3.. Outer Loadings

All 36 indicator loadings exceeded the minimum threshold of 0.70 recommended by Hair et al. (2022), ranging from 0.798 (SN3) to 0.924 (FL5).

This confirms that each indicator reliably reflects its intended latent construct. The complete set of outer loadings is presented in Table 4.3.

Table 4.3. Outer Loadings

	Attitude Toward Purchase	Financial Literacy	PB	Purchase Intention	Subjective Norm	Trust in Health Insurance Providers
AT1	0.888					
AT2	0.884					
AT3	0.911					
AT4	0.902					
AT5	0.908					
AT6	0.912					
FL1		0.912				
FL2		0.881				
FL3		0.915				
FL4		0.907				
FL5		0.924				
FL6		0.922				
PB1			0.906			
PB2			0.879			
PB3			0.903			
PB4			0.899			
PB5			0.901			
PB6			0.89			
PI1				0.905		
PI2				0.909		
PI3				0.909		
PI4				0.906		
PI5				0.912		
PI6				0.904		
SN1					0.814	
SN2					0.841	
SN3					0.798	
SN4					0.802	
SN5					0.837	
SN6					0.797	
TR1						0.85
TR2						0.827
TR3						0.828
TR4						0.852
TR5						0.827
TR6						0.809

Source: SmartPLS 4 output, 2026

4.3.1.2. Average Variance Extracted (AVE)

Average Variance Extracted (AVE) measures the amount of variance a construct captures in its indicators relative to the variance attributable to measurement error. Following Hair et al. (2022), an AVE value of 0.50 or above indicates that a construct explains more than half of the variance in its indicators and is therefore considered adequate for convergent validity.

Table 4.4. Average Variance Extracted (AVE)

	AVE	Result
Attitude Toward Purchase	0.811	VALID
Financial Literacy	0.829	VALID
PB	0.804	VALID
Purchase Intention	0.823	VALID
Subjective Norm	0.664	VALID
Trust in Health Insurance Providers	0.693	VALID

Sources: Author's Data (2026)

The AVE results indicate that every construct in the model exceeds the recommended minimum threshold of 0.50. This confirms that the indicators collectively provide a strong representation of their respective constructs, capturing meaningful information from the observed variables while keeping measurement error low.

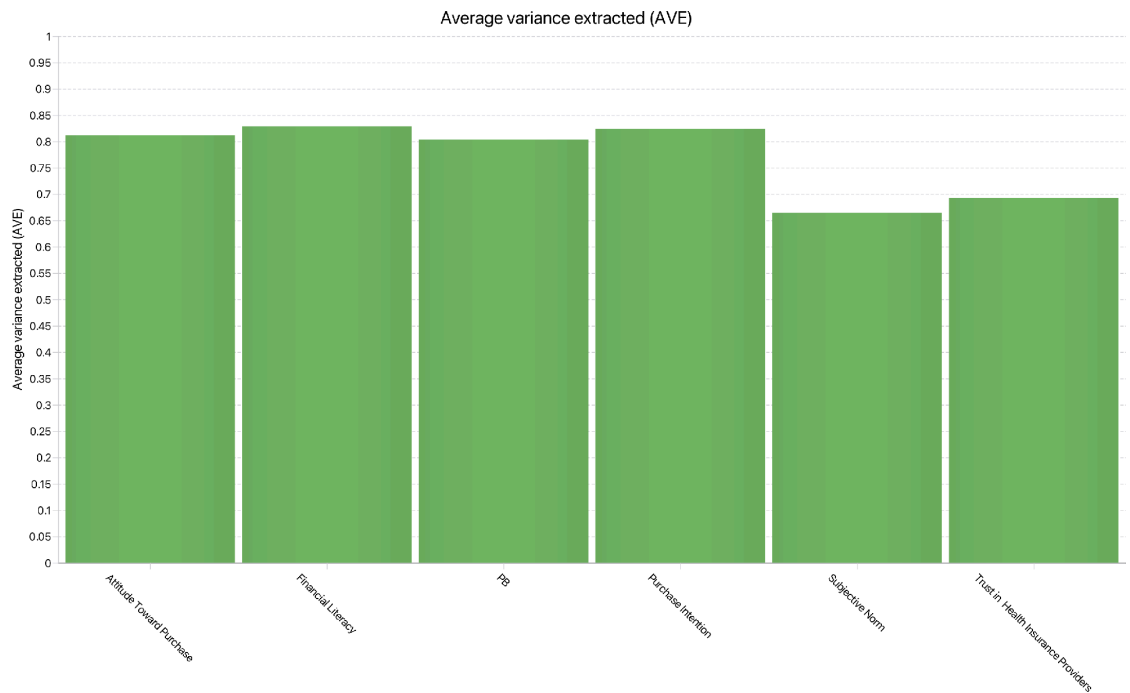


Figure 4.2 Average Variance Extracted (AVE)

Sources: Author's Data (2026)

4.3.2. Discriminant Validity

Discriminant validity was assessed using two complementary criteria: the Fornell-Larcker criterion and the Heterotrait-Monotrait ratio (HTMT), following Section 3.9.2.

As shown in Table 4.5, the square root of each construct's AVE (shown on the diagonal) exceeds its correlations with all other constructs, satisfying the Fornell-Larcker criterion for every construct.

Table 4.5. Fornell-Larcker Criterion

Construct	AT	FL	PB	PI	SN	TR
Attitude Toward Purchase (AT)	0.901					

Financial Literacy (FL)	0.027	0.910				
Perceived Behavioral Control (PB)	0.012	-0.074	0.897			
Purchase Intention (PI)	0.369	0.305	0.263	0.907		
Subjective Norm (SN)	0.133	0.033	-0.002	0.340	0.815	
Trust in Insurance Providers (TR)	0.135	-0.005	0.081	0.405	0.025	0.832

Note: Diagonal values (bold-equivalent) represent the square root of AVE.

Source: SmartPLS 4 output, 2026

Table 4.6 presents the HTMT ratios for all construct pairs. All values fall well below the conservative threshold of 0.85 (Henseler et al., 2015), with the highest value observed between Trust and Purchase Intention (0.429). This confirms that discriminant validity is satisfied under both criteria.

Table 4.6. Heterotrait-Monotrait Ratio (HTMT)

Construct Pair	HTMT
Financial Literacy ↔ Attitude Toward Purchase	0.037
PB ↔ Attitude Toward Purchase	0.048
PB ↔ Financial Literacy	0.078
Purchase Intention ↔ Attitude Toward Purchase	0.384
Purchase Intention ↔ Financial Literacy	0.314
Purchase Intention ↔ PB	0.273

Subjective Norm ↔ Attitude Toward Purchase	0.137
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Subjective Norm ↔ Financial Literacy	0.077
Subjective Norm ↔ PB	0.072
Subjective Norm ↔ Purchase Intention	0.361
Trust ↔ Attitude Toward Purchase	0.147
Trust ↔ Financial Literacy	0.053
Trust ↔ PB	0.086
Trust ↔ Purchase Intention	0.429
Trust ↔ Subjective Norm	0.078

Source: SmartPLS 4 output, 2026

Cross-loading analysis further confirmed discriminant validity: every indicator loaded most strongly on its intended construct, with a clear margin over its loadings on all other constructs (e.g., AT1 loaded 0.888 on Attitude Toward Purchase versus a maximum of 0.150 on any other construct). The complete cross-loading matrix is presented in Table 4.7.

Table 4.7. Cross Loadings

Indicator	AT	FL	PB	PI	SN	TR
AT1	0.888	0.046	-0.009	0.372	0.134	0.150
AT2	0.884	0.009	0.031	0.309	0.098	0.084
AT3	0.911	0.027	0.055	0.361	0.187	0.106
AT4	0.902	0.025	-0.034	0.307	0.071	0.159
AT5	0.908	0.024	0.023	0.322	0.092	0.100
AT6	0.912	0.009	-0.003	0.313	0.120	0.128
FL1	0.031	0.912	-0.046	0.280	0.021	-0.071
FL2	0.006	0.881	-0.053	0.222	-0.005	0.036
FL3	0.055	0.915	-0.089	0.246	0.019	-0.037
FL4	0.028	0.907	-0.091	0.327	0.069	0.024
FL5	-0.010	0.924	-0.058	0.269	0.059	0.008
FL6	0.033	0.922	-0.062	0.297	0.004	0.013
PB1	0.023	-0.050	0.906	0.257	-0.016	0.068
PB2	-0.034	-0.103	0.879	0.190	-0.040	0.083
PB3	0.050	-0.074	0.903	0.250	0.054	0.057
PB4	-0.051	-0.066	0.899	0.222	-0.022	0.072
PB5	0.050	-0.052	0.901	0.243	-0.017	0.106
PB6	0.011	-0.061	0.890	0.239	0.018	0.053
PI1	0.317	0.278	0.210	0.905	0.302	0.365
PI2	0.376	0.275	0.260	0.909	0.327	0.356
PI3	0.313	0.237	0.261	0.909	0.290	0.395
PI4	0.306	0.310	0.222	0.906	0.302	0.357
PI5	0.340	0.266	0.254	0.912	0.334	0.360
PI6	0.356	0.294	0.221	0.904	0.296	0.371
SN1	0.118	0.131	0.043	0.285	0.814	-0.063
SN2	0.122	0.075	0.026	0.333	0.841	0.116
SN3	0.098	0.009	0.053	0.280	0.798	0.027
SN4	0.097	-0.063	-0.012	0.248	0.802	0.041
SN5	0.143	-0.003	-0.065	0.280	0.837	-0.013
SN6	0.056	-0.021	-0.082	0.214	0.797	-0.004
TR1	0.103	0.010	0.090	0.368	0.020	0.850
TR2	0.077	-0.040	0.075	0.320	-0.038	0.827
TR3	0.182	0.008	0.035	0.302	0.025	0.828
TR4	0.154	-0.004	0.106	0.333	0.049	0.852
TR5	0.070	0.036	0.060	0.390	0.081	0.827
TR6	0.097	-0.050	0.029	0.286	-0.029	0.809

Source: SmartPLS 4 output, 2026

4.3.3. Reliability Analysis

Reliability testing evaluates how consistently the measurement indicators represent their underlying constructs. In PLS-SEM, reliability is primarily assessed through two key measures: Cronbach's Alpha and Composite Reliability (CR). Both indicate whether the set of indicators within each construct produce stable and internally consistent results (Hair et al., 2022).

1. Cronbach's Alpha

Cronbach's Alpha assesses the internal consistency of the indicators within a construct, assuming that all items contribute equally to the latent variable. Values range from 0 to 1, with higher values indicating stronger reliability. An Alpha value of 0.70 or higher is considered acceptable, while values above 0.80 demonstrate very good reliability (Hair et al., 2022).

2. Composite Reliability (CR)

Composite Reliability (CR) provides a more accurate measure of reliability than Cronbach's Alpha because it accounts for the actual indicator loadings rather than assuming equal weighting, making it particularly suited to PLS-SEM analysis. CR values above 0.70 indicate adequate reliability, while values above 0.90 suggest excellent consistency (Hair & Alamer, 2022).

Table 4.8. Construct Reliability

	Cronbach's Alpha	CR (rho_a)	CR (rho_c)
Attitude Toward Purchase	0.954	0.957	0.963
Financial Literacy	0.959	0.967	0.967
PB	0.951	0.956	0.961
Purchase Intention	0.957	0.957	0.965
Subjective Norm	0.899	0.907	0.922
Trust in Health Insurance Providers	0.911	0.917	0.931

Sources: Author's Data (2026)

The reliability analysis shows that all constructs achieve Composite Reliability and Cronbach's Alpha values above the recommended threshold of 0.70 (Hair et al., 2022). These results suggest that the indicators for each construct exhibit a high degree of internal consistency, confirming that the measurement model is reliable for further analysis.

4.3.4. Collinearity Assessment (Outer Model VIF)

Before analyzing the structural relationships between constructs, it is important to confirm that the indicators are not excessively correlated with one another. This is tested using the Variance Inflation Factor (VIF), which measures the degree of multicollinearity in the outer model and indicates whether each indicator contributes unique information to its construct.

Table 4.9 VIF Result

	VIF		VIF
AT1	3.241	PI1	3.994
AT2	3.387	PI2	4.018
AT3	4.038	PI3	4.130
AT4	3.901	PI4	4.014
AT5	4.052	PI5	4.161
AT6	4.256	PI6	3.856
FL1	4.254	SN1	2.082
FL2	3.526	SN2	2.216
FL3	4.522	SN3	1.998
FL4	3.777	SN4	2.119
FL5	4.841	SN5	2.381
FL6	4.598	SN6	2.161
PB1	3.759	TR1	2.430
PB2	3.357	TR2	2.310
PB3	3.767	TR3	2.369
PB4	3.769	TR4	2.611
PB5	3.681	TR5	2.120
PB6	3.385	TR6	2.184

Source: SmartPLS 4 output, 2026

According to Hair et al. (2022), a VIF value below 5.0 indicates that multicollinearity is not a concern. As shown in Table 4.9, all 36 indicator VIF values in this study fall well below the threshold, ranging from 1.998 (SN3) to 4.841 (FL5). These results confirm that each indicator across the six constructs — Attitude Toward Purchase, Financial Literacy, Perceived Behavioral Control, Purchase Intention, Subjective Norm, and Trust in Health Insurance Providers — contributes distinct, non-overlapping explanatory information, and multicollinearity is not a material concern for the outer model.

4.3.5. Collinearity Assessment (Inner Model VIF)

Inner model VIF values, shown in Table 4.12, ranged from 1.042 to 1.079 — well below the 3.3 and 5.0 thresholds — indicating no multicollinearity concern among the predictor constructs in the structural model.

Table 4.10. Collinearity Statistics — Inner Model (VIF)

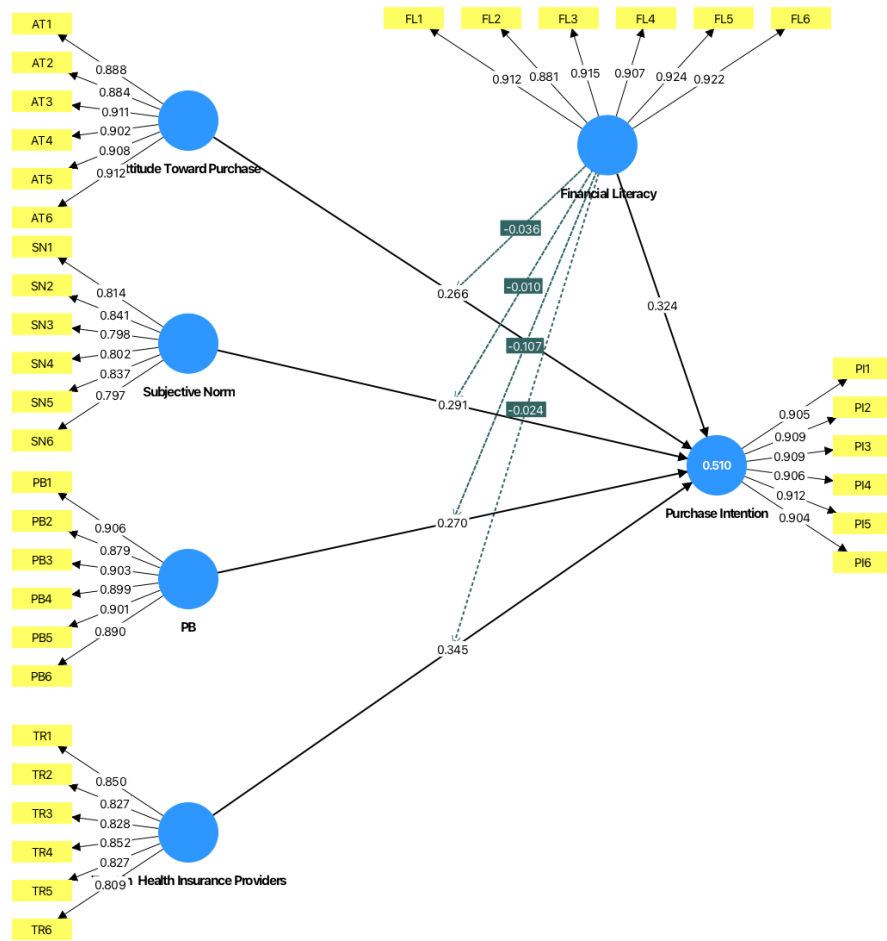
Path	VIF
Attitude Toward Purchase → Purchase Intention	1.046
Financial Literacy → Purchase Intention	1.052
PB → Purchase Intention	1.042
Subjective Norm → Purchase Intention	1.050
Trust in Insurance Providers → Purchase Intention	1.045
Financial Literacy × Attitude → Purchase Intention	1.079
Financial Literacy × PB → Purchase Intention	1.070
Financial Literacy × Subjective Norm → Purchase Intention	1.067
Financial Literacy × Trust → Purchase Intention	1.072

Source: SmartPLS 4 output, 2026

4.4. Structural Model Evaluation (Inner Model)

Following confirmation of a satisfactory measurement model, the structural (inner) model was evaluated using the coefficient of determination (R^2), effect size (f^2), and inner model collinearity (VIF), in accordance with the criteria in Section 3.10.3 and Table 3.4. Figure 4.1 presents the estimated structural model as generated by SmartPLS 4.

Figure 4.1 – Structural Model (SmartPLS 4 Output)



Source: SmartPLS 4 output, 2026

4.4.1. Coefficient of Determination (R^2)

The model explains 51.0% of the variance in Purchase Intention ($R^2 = 0.510$; R^2 adjusted = 0.489), which is classified as a moderate level of explanatory power per the thresholds in Table 3.4 (0.75 = substantial, 0.50 = moderate, 0.25 = weak).

Table 4.10. R-Square Results

Construct	R-Square	R-Square Adjusted	Classification
Purchase Intention	0.510	0.489	Moderate

Source: SmartPLS 4 output, 2026

4.5. Path Coefficients and Hypothesis Testing

Hypothesis testing was conducted using the bootstrapping procedure specified in Section 3.11, with 5,000 subsamples and a one-tailed test at the 5% significance level (critical t-value = 1.645). A hypothesis is supported when the path coefficient is positive, the t-statistic exceeds 1.645, and the p-value is below 0.05, per the decision criteria in Table 3.5. The results are presented in Table 4.13.

Table 4.13. Path Coefficients and Hypothesis Testing Results

Hyp.	Path	β	t-value	p-value	Decision
H ₁	Attitude Toward Purchase → Purchase Intention	0.266	4.776	<0.001	Significant
H ₂	Subjective Norm → Purchase Intention	0.291	5.610	<0.001	Significant
H ₃	Perceived Behavioral Control → Purchase Intention	0.270	5.734	<0.001	Significant
H ₄	Trust in Insurance Providers → Purchase Intention	0.345	7.157	<0.001	Significant
H ₅	Financial Literacy → Purchase Intention	0.324	6.194	<0.001	Significant
H ₆	Financial Literacy × Attitude → Purchase Intention	-0.036	0.511	0.305	Not Significant
H ₇	Financial Literacy × Subjective Norm → Purchase Intention	-0.010	0.145	0.442	Not Significant
H ₈	Financial Literacy × PBC → Purchase Intention	-0.107	1.982	0.024	Not Supported (significant, opposite direction)
H ₉	Financial Literacy × Trust → Purchase Intention	-0.024	0.366	0.357	Not Significant

Note: t-values and p-values are one-tailed, based on 5,000 bootstrap subsamples.

Source: SmartPLS 4 output, 2026

As shown in Table 4.13, all five direct-effect hypotheses (H₁–H₅) are supported: Attitude, Subjective Norm, Perceived Behavioral Control, Trust in

Insurance Providers, and Financial Literacy each exert a statistically significant, positive effect on Purchase Intention. Trust in Insurance Providers produced the strongest path coefficient ($\beta = 0.345$) among the four original and extended Theory of Planned Behavior predictors, followed by Financial Literacy's direct effect ($\beta = 0.324$).

None of the four moderation hypotheses (H_6 – H_9) are supported in the hypothesized positive direction. H_6 , H_7 , and H_9 are statistically non-significant ($p > 0.05$). H_8 (Financial Literacy $\times$ Perceived Behavioral Control) is statistically significant ($t = 1.982$, $p = 0.024$), but the path coefficient is negative ($\beta = -0.107$) — the opposite of the hypothesized positive moderation — and is therefore classified as not supporting H_8 as originally stated, per the directional decision rule in Table 3.5.

4.6. Discussion of Results

The findings provide strong empirical support for the classical Theory of Planned Behavior constructs in the context of health insurance purchase intention among Indonesian emerging consumers aged 26–35. Consistent with Mamun et al. (2021) and Mishra et al. (2024), Attitude Towards Purchase (H_1 : $\beta = 0.266$, $p < 0.001$) significantly predicts Purchase Intention, confirming that respondents who evaluate health insurance favorably are more inclined to intend to purchase it.

Subjective Norm (H_2 : $\beta = 0.291$, $p < 0.001$) and Perceived Behavioral Control (H_3 : $\beta = 0.270$, $p < 0.001$) are also significant, positive predictors, aligning with Mamun et al. (2021) and the collectivist-society reasoning discussed in Section 2.3.2 regarding the influence of family and social networks in Indonesian financial decision-making. Notably, Subjective Norm emerged as a stronger predictor than initially anticipated in Section 2.5.2, given that meta-analytic evidence (Armitage & Conner, 2001) typically finds Subjective Norm to be the weakest of the three original Theory of Planned Behavior constructs; this suggests that family and peer influence remain a materially important channel for this cohort's insurance decisions.

Trust in Insurance Providers (H_4 : $\beta = 0.345$, $p < 0.001$) emerged as the single strongest predictor of Purchase Intention in the model, exceeding the effect

sizes of all three classical Theory of Planned Behavior constructs. This finding lends strong empirical support to the theoretical justification for extending the Theory of Planned Behavior model with Trust, as argued in Sections 2.3.4 and 2.5.4, and is consistent with Singh and Shah (2024), who identified provider trust and reputation as a significant driver of health insurance purchase intention in emerging Asian markets. Financial Literacy also exerted a significant direct effect on Purchase Intention (H_5 : $\beta = 0.324$, $p < 0.001$), corroborating Firmansyah and Cesara (2020) and the Return Journal (2024) findings regarding financial literacy's direct role in Indonesian consumers' insurance decisions.

In contrast, none of the four hypothesized moderating effects of Financial Literacy (H_6 – H_9) were supported in the expected positive direction. This is a notable departure from the theoretical expectations discussed in Sections 2.5.6 through 2.5.9, which drew on Return Journal (2024) and Mamun et al. (2021) to argue that financial literacy would amplify the effects of Attitude, Subjective Norm, Perceived Behavioral Control, and Trust on Purchase Intention. Instead, the results suggest that in this sample, Financial Literacy operates predominantly as an independent, direct driver of Purchase Intention (H_5) rather than as an amplifier of the other predictors' effects. Particularly noteworthy is the significant negative moderation observed for H_8 (Financial Literacy $\times$ Perceived Behavioral Control: $\beta = -0.107$, $p = 0.024$): rather than strengthening the Perceived Behavioral Control–Purchase Intention relationship, higher financial literacy appears to weaken it. A plausible explanation is that highly financially literate respondents may rely less on their general sense of behavioral control and more on independent, informed evaluation of specific products when forming purchase intentions, effectively substituting financial knowledge for perceived ease for control as a decision input — an interpretation that future qualitative research could help confirm.

Taken together, these findings offer a coherent explanation for the central paradox motivating this study (Section 1.4): Indonesia's most financially literate age cohort (26–35) remains under-insured not because they lack positive attitudes, capability, or knowledge — all of which score as significant, positive predictors — but because Trust in Insurance Providers, the strongest predictor in the model,

may not yet be sufficiently established for this financially savvy but skeptical cohort to convert favorable evaluations into actual purchase behavior. The model's moderate explanatory power ($R^2 = 0.510$) confirms that the extended Theory of Planned Behavior framework meaningfully improves on the classical three-construct model for explaining health insurance purchase intention in this population.

CHAPTER 5: CONCLUSION AND RECOMMENDATION

5.1. Conclusion

This study examined the factors influencing health insurance purchase intention among 224 Indonesian consumers aged 26–35 in the Jabodetabek area, using an extended Theory of Planned Behavior model with Trust in Insurance Providers as an added predictor and Financial Literacy as a moderator, tested via PLS-SEM in SmartPLS 4. The model explained a moderate 51.0% of the variance in Purchase Intention ($R^2 = 0.510$). The conclusions for each hypothesis are summarized below.

H₁ (Attitude Toward Purchase → Purchase Intention) was supported ($\beta = 0.266$, $t = 4.776$, $p < 0.001$). A more favorable attitude toward purchasing health insurance meaningfully increases consumers' purchase intention.

H₂ (Subjective Norm → Purchase Intention) was supported ($\beta = 0.291$, $t = 5.610$, $p < 0.001$). Social pressure from family, peers, and community plays a significant role in shaping purchase intention.

H₃ (Perceived Behavioral Control → Purchase Intention) was supported ($\beta = 0.270$, $t = 5.734$, $p < 0.001$). Consumers who feel more capable of navigating the insurance purchase process show significantly higher intention to buy.

H₄ (Trust in Insurance Providers → Purchase Intention) was supported ($\beta = 0.345$, $t = 7.157$, $p < 0.001$). Trust emerged as the strongest predictor in the model, confirming it as the most influential driver of purchase intention in this sample.

H₅ (Financial Literacy → Purchase Intention) was supported ($\beta = 0.324$, $t = 6.194$, $p < 0.001$). Financially literate consumers show significantly higher purchase intention, independent of any moderating role.

H₆ (Financial Literacy × Attitude → Purchase Intention) was not supported ($\beta = -0.036$, $t = 0.511$, $p = 0.305$). Financial literacy does not significantly strengthen the attitude–intention relationship.

H₇ (Financial Literacy × Subjective Norm → Purchase Intention) was not supported ($\beta = -0.010$, $t = 0.145$, $p = 0.442$). Financial literacy does not moderate the influence of social norms on purchase intention.

H₈ (Financial Literacy × Perceived Behavioral Control → Purchase Intention) was not supported (significant, opposite direction) ($\beta = -0.107$, $t = 1.982$, $p = 0.024$). The interaction was significant but negative, suggesting financial literacy weakens rather than strengthens the Perceived Behavioral Control–intention link — possibly because more financially literate consumers rely on independent judgment rather than perceived ease of purchase.

H₉ (Financial Literacy × Trust → Purchase Intention) was not supported ($\beta = -0.024$, $t = 0.366$, $p = 0.357$). Financial literacy does not significantly moderate the trust–intention relationship.

Collectively, these results resolve the central paradox motivating this research: Indonesia's most financially literate age cohort remains under-insured not from a lack of favorable attitude, social encouragement, perceived capability, or financial knowledge, but from insufficiently established trust in insurance providers — the strongest predictor in the model. Financial Literacy operates as an independent driver of purchase intention (H₅) rather than an amplifier of the other Theory of Planned Behavior constructs (H₆–H₉), refining the theoretical understanding of its role in this population's insurance decision-making.

5.2. Managerial and Practical Recommendations

Based on the findings, the following practical recommendations are proposed for insurance companies, OJK, and financial education stakeholders:

First, given that Trust in Insurance Providers was the strongest predictor of Purchase Intention, insurance companies should prioritize investments in claims transparency, clear and accessible policy communication, and public reporting of claims-settlement track records. Marketing efforts that merely promote product features are likely to be less effective than those that directly address consumer skepticism about provider reliability and integrity.

Second, since Financial Literacy exerted a significant direct effect but did not significantly amplify the other predictors, OJK and insurers should treat financial and insurance literacy education as a parallel, independent lever rather than assuming that improving financial literacy alone will automatically strengthen the impact of positive attitudes or perceived control on purchase behavior. Literacy campaigns should be paired with trust-building initiatives rather than deployed as a stand-alone solution.

Third, the significant effect of Perceived Behavioral Control indicates that simplifying the purchase process — particularly through accessible, well-designed digital platforms — remains an effective lever for increasing purchase intention among this digitally native cohort, consistent with the digital accessibility findings of the IDN Research Institute (2025).

Fourth, the significant effect of Subjective Norm suggests that marketing and product design that leverage family-oriented messaging and social proof (e.g., testimonials, family protection framing) may resonate strongly with this cohort, given Indonesia's collectivist social structure discussed in Section 2.3.2.

5.3. Theoretical Implications

This study contributes to the Theory of Planned Behavior literature in several ways. First, it confirms the applicability of the three classical Theory of Planned Behavior constructs — Attitude, Subjective Norm, and Perceived Behavioral Control — in predicting health insurance purchase intention within a previously under-examined segment: financially independent Indonesian consumers aged 26–35, extending prior Theory of Planned Behavior-insurance research that has largely focused on broader working-age populations (Mamun et al., 2021; Mishra et al., 2024).

Second, the strong, significant effect of Trust in Insurance Providers (the largest effect size in the model) provides robust empirical support for extending the classical Theory of Planned Behavior model with a trust-based construct in the insurance context, addressing the research gap identified in Section 1.4 and supporting the theoretical positioning argued in Section 2.3.4.

Third, and perhaps most theoretically significant, the non-significant and partially reversed moderating role of Financial Literacy (H_6 – H_9) challenges the initial theoretical assumption — drawn from Return Journal (2024) and Mamun et al. (2021) — that financial literacy amplifies the effects of attitudinal, normative, and control-related predictors on purchase intention. Instead, the results suggest that Financial Literacy is better modeled as a parallel, independent direct predictor of intention in this population rather than a moderating mechanism. This finding invites future theoretical refinement of how financial literacy should be positioned within Theory of Planned Behavior-based models of insurance purchase behavior, and specifically the unexpected negative moderation on the Perceived Behavioral Control path (H_8) suggests a possible substitution effect between financial knowledge and perceived behavioral control that merits further theoretical development.

5.4. Limitations and Recommendations for Future Research

This study has several limitations that should be considered when interpreting its findings and that suggest directions for future research.

First, the cross-sectional research design (Section 3.2) captures respondents' attitudes and intentions at a single point in time and does not permit causal inference; a longitudinal design tracking actual purchase behavior following the measurement of intention would strengthen causal claims.

Second, the purposive sampling approach, restricted to respondents residing in the Jabodetabek area, limits the generalizability of the findings to Indonesia's broader 26–35 population, particularly consumers in secondary cities or rural areas who may exhibit different trust, literacy, and normative dynamics. Future research should replicate this model across a more geographically diverse sample.

Third, all constructs were measured using self-reported Likert-scale data, which is subject to common method bias and social desirability bias, particularly for sensitive topics such as financial capability and trust. Future studies could triangulate self-reported measures with behavioral or administrative data (e.g., actual policy enrollment records) where feasible.

Fourth, the unexpected non-significant and reversed moderating effects of Financial Literacy (H_6 – H_9), particularly the significant negative moderation on the Perceived Behavioral Control–Purchase Intention path (H_8), warrant further investigation. Future research employing qualitative methods (e.g., in-depth interviews or focus groups with highly financially literate respondents) could help explain the mechanism underlying this unexpected finding, and future quantitative studies could test alternative moderators — such as perceived product complexity or prior insurance-shopping experience — in place of or alongside Financial Literacy.

Finally, this study focused exclusively on voluntary private health insurance purchase intention and excluded respondents already covered by such policies; future research could extend the model to examine renewal or upgrade intentions among existing policyholders, or compare purchase intention determinants between the 26–35 cohort examined here and the excluded 18–25 segment, to build a more complete picture of health insurance adoption across Indonesia's emerging consumer population.

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