

## Table of Contents

|  |           |
|--|-----------|
| <b>CHAPTER 1.....</b>  | <b>1</b>  |
| <b>INTRODUCTION.....</b>   | <b>1</b>  |
| <b>1.1        Research Background.....</b>   | <b>1</b>  |
| <b>1.2        Problem Statements .....</b>   | <b>4</b>  |
| <b>1.3        Research Objectives .....</b>  | <b>5</b>  |
| <b>1.4        Benefits of the Research.....</b>  | <b>6</b>  |
| <b>1.4.1        Theoretical Benefits.....</b>  | <b>6</b>  |
| <b>1.4.2        Practical Benefits.....</b>  | <b>6</b>  |
| <b>1.5        Thesis Structure.....</b>  | <b>6</b>  |
| <b>CHAPTER 2.....</b>  | <b>9</b>  |
| <b>LITERATURE REVIEW .....</b>   | <b>9</b>  |
| <b>2.1        Theoretical Framework .....</b>  | <b>9</b>  |
| <b>2.1.1        Health Insurance .....</b>   | <b>9</b>  |
| <b>2.1.2        Premium.....</b>   | <b>13</b> |
| <b>2.1.3        Financial Literacy .....</b>   | <b>14</b> |
| <b>2.1.4        Income .....</b>   | <b>17</b> |
| <b>2.1.5        Millennials.....</b>   | <b>18</b> |
| <b>2.1.6        Purchase Intention .....</b>   | <b>20</b> |
| <b>2.1.7        Purchase Decision.....</b>   | <b>21</b> |
| <b>2.2        Hypothesis Development.....</b>  | <b>23</b> |
| <b>2.2.1        Relationship between Financial Literacy and Purchase Intention ...</b> | <b>23</b> |
| <b>2.2.2        Relationship between Income and Purchase Intention .....</b>           | <b>25</b> |
| <b>2.2.3        Relationship between Premium and Purchase Intention.....</b>           | <b>27</b> |
| <b>2.2.4        Relationship between Purchase Intention and Purchase Decision ...</b>  | <b>28</b> |
| <b>2.2.5        Relationship between Financial Literacy and Purchase Decision ....</b> | <b>29</b> |
| <b>2.2.6        Relationship between Premium and Purchase Decision.....</b>            | <b>31</b> |
| <b>2.2.7        Relationship between Income and Purchase Decision .....</b>            | <b>31</b> |
| <b>2.3        Conceptual Framework .....</b>   | <b>33</b> |
| <b>CHAPTER 3.....</b>  | <b>35</b> |
| <b>RESEARCH METHODOLOGY .....</b>  | <b>35</b> |
| <b>3.1        Research Object.....</b>   | <b>35</b> |

|                                     |   |    |
|-------------------------------------|---|----|
| <b>3.2</b>                          | <b>Unit of Analysis .....</b>   | 35 |
| <b>3.3</b>                          | <b>Research Type .....</b>  | 36 |
| <b>3.4</b>                          | <b>Operationalization of Research Variables .....</b>                       | 36 |
| <b>3.5</b>                          | <b>Population and Sample .....</b>  | 38 |
| <b>3.5.1</b>                        | <b>Determination of the number of samples .....</b>                         | 39 |
| <b>3.5.2</b>                        | <b>Sampling Method .....</b>  | 40 |
| <b>3.6</b>                          | <b>Data Collection Method .....</b>   | 41 |
| <b>3.7</b>                          | <b>Data Analysis Method .....</b>   | 42 |
| <b>3.7.1</b>                        | <b>Measurement Model/Outer Model Evaluation.....</b>                        | 43 |
| <b>3.7.2</b>                        | <b>Structural Model/Inner Model Evaluation .....</b>                        | 45 |
| <b>3.8</b>                          | <b>Research Instrument Test .....</b>                                       | 46 |
| <b>3.8.1</b>                        | <b>Convergent Validity Test.....</b>  | 47 |
| <b>3.8.2</b>                        | <b>Discriminant Validity Test .....</b>                                     | 49 |
| <b>3.8.3</b>                        | <b>Reliability Test.....</b>  | 52 |
| <b>CHAPTER 4.....</b>               |   | 54 |
| <b>RESULTS AND DISCUSSION .....</b> |   | 54 |
| <b>4.1</b>                          | <b>Research Findings .....</b>  | 54 |
| <b>4.1.1</b>                        | <b>Respondents' Profile .....</b>   | 54 |
| <b>4.1.2</b>                        | <b>Description of Research Construct .....</b>                              | 56 |
| <b>4.1.3</b>                        | <b>Data Research Analysis .....</b>   | 61 |
| <b>4.2</b>                          | <b>Discussion.....</b>  | 75 |
| <b>4.2.1</b>                        | <b>Financial literacy has a positive impact on purchase intention .....</b> | 76 |
| <b>4.2.2</b>                        | <b>Income has a positive impact on purchase intention.....</b>              | 76 |
| <b>4.2.3</b>                        | <b>Premium has a positive impact on purchase intention .....</b>            | 76 |
| <b>4.2.4</b>                        | <b>Purchase Intention has a positive impact on purchase decision .....</b>  | 77 |
| <b>4.2.5</b>                        | <b>Financial literacy has a positive impact on purchase decision .....</b>  | 77 |
| <b>4.2.6</b>                        | <b>Premium has a positive impact on purchase decision.....</b>              | 77 |
| <b>4.2.7</b>                        | <b>Income has a positive impact on purchase decision .....</b>              | 78 |
| <b>4.2.8</b>                        | <b>Mediating Effect .....</b>   | 79 |
| <b>CHAPTER 5.....</b>               |   | 81 |
| <b>CONCLUSION .....</b>             |   | 81 |
| <b>5.1</b>                          | <b>Conclusion.....</b>  | 81 |
| <b>5.2</b>                          | <b>Managerial Implications.....</b>   | 82 |

|            |  |           |
|------------|--|-----------|
| <b>5.3</b> | <b>Limitations and Future Research .....</b> | <b>83</b> |
|------------|--|-----------|



## **List of Figures**

|             |  |    |
|-------------|--|----|
| Figure 1.1. | Annual Average Expenditure of Insurance (GDP)..... | 3  |
| Figure 2.1. | Research Model.....                                | 33 |
| Figure 4.1. | Outer Model Test .....                             | 62 |



## List of Tables

|             |  |    |
|-------------|--|----|
| Table 3.1.  | Operationalization of Research Variables.....                                      | 36 |
| Table 3.2.  | Preliminary Study Validity Test Results – Outer Loadings .....                     | 47 |
| Table 3.3.  | Preliminary Study Validity Test Results – Average Variance Extracted<br>(AVE)..... | 49 |
| Table 3.4.  | Preliminary Discriminant Test Results - Fornell-Larcker Criterion.....             | 50 |
| Table 3.5.  | Cross-Loading .....  | 51 |
| Table 3.6.  | Cronbach's Alpha and Composite Reliability .....                                   | 52 |
| Table 4.1.  | Respondents' Demographic Profile.....  | 54 |
| Table 4.2.  | Statistic Description – Financial Literacy .....                                   | 56 |
| Table 4.3.  | Statistic Description – Income .....   | 58 |
| Table 4.4.  | Statistic Description – Premium.....   | 58 |
| Table 4.5.  | Statistic Description – Purchase Intention.....                                    | 59 |
| Table 4.6.  | Statistic Description – Purchase Decision.....                                     | 60 |
| Table 4.7.  | Validity Test – Outer Loadings.....  | 63 |
| Table 4.8.  | Validity Test – Average Variance Extracted.....                                    | 64 |
| Table 4.9.  | Reliability Test – Cronbach's Alpha and Composite Reliability .....                | 65 |
| Table 4.10. | Discriminant Validity – Fornell-Larcker Criterion .....                            | 66 |
| Table 4.11. | Discriminant Validity – Cross-Loading .....  | 67 |
| Table 4.12. | Coefficient of Determination ( $R^2$ ) .....                                       | 69 |
| Table 4.13. | Inner VIF Values.....  | 70 |
| Table 4.14. | Hypothesis Test Results .....  | 71 |
| Table 4.15. | Path Coefficient – Bootstrapping .....   | 79 |
| Table 4.16. | Specific Indirect Effects .....  | 79 |