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DETERMINANTS OF HOUSEHOLD DECISIONS IN UTILIZING FINANCIAL INSURANCE SERVICES PRODUCTS

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Abstract

Economic growth and insurance can create a causal relationship. Insurance is one way that households can use to help provide financial security. The insurance demand function is a representation of the level of insurance penetration. The insurance penetration rate in Indonesia in 2022 will only be 2.82%. The cause of low insurance penetration is low financial literacy, and is supported by household socio-economic characteristics. The aim of this research is to analyze the influence and magnitude of the influence of financial literacy, household income, number of dependents, education level, gender simultaneously and partially on household decisions in utilizing insurance financial service products in Denpasar City. The population in this study were households in Denpasar City. Data collection was carried out by taking a sample of 100 households in Denpasar City using a non-probability sampling technique which is purposive sampling. By using Binary Logistic Regression, the results of this study show that financial literacy, household income, number of dependents, education level and gender simultaneously influence household decisions in utilizing insurance financial service products. financial literacy, Household income, number of dependents, education level, and gender have a significant positive effect on household decisions in utilizing insurance financial service products.

Keywords: Insurance, Binary Logistic Regression, Financial Literacy, Customer Socioeconomics

INTRODUCTION

Economic growth is one of the most important things to support the change in the status of a developing country to a developed country. Economic growth describes the impact of economic activity on increasing people's income in a certain period (Damanik and Saragih 2023). The role of government and the private sector is very necessary to support a country's economic growth. The role of government in the economy is shown by expenditure in the economic sector which tends to increase (Aristina, Juliprijanto & Prasetyanto, 2020). Globalization means capital, labor and

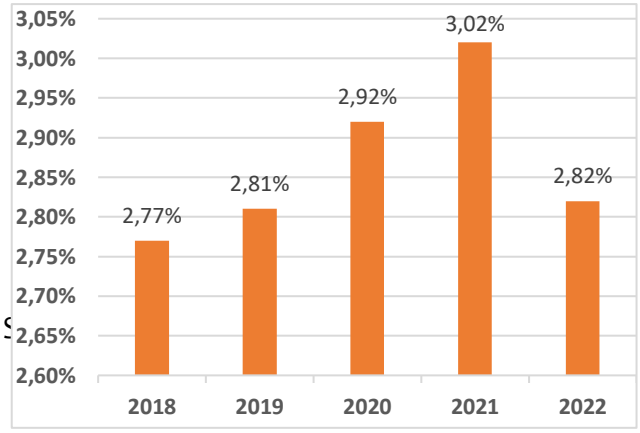
expertise can flow to any country, the private sector has an increasingly greater role in driving the economy. With direct investment, economic growth can be triggered by companies investing in various fields and sectors of the economy (Nuralia and Andianto. N 2021).

Theoretically, the relationship between economic growth and insurance can create a causal relationship, namely economic growth supports insurance growth or insurance growth supports economic growth (Rahim 2018). The theoretical perspective discusses insurance principles related to the source and use of funds related to the mobilization of public funds in the form of premiums and the management of these funds for investment purposes. This principle is then linked to the position of insurance as a financial services institution (Rangga and Setiawina 2021).

This concept is supported by several research results and studies conducted by other countries such as,Madukwe and Anyanwaokoro (2014), Akinlo and Apanisile (2014) and the theory of static risk and insurance confirms that insurance drives economic growth. Results of studies conducted byDawd and Benlagha (2023), shows that insurance developments have a significant impact on economic growth in the OECD.

Insurance is one way that people can use to help them in providing financial security(Yazid 2015). Some people realize the importance of having financial security so they choose insurance. But there are also those who don't realize how important insurance is. Having insurance means preparing yourself and your family if a disaster occurs such as an accident, critical illness, disability, death, and so on(Ummi 2021).

Figure 1. Insurance Industry Penetration in Indonesia (2018 – 2022)



Based on Figure 1, the development of insurance penetration levels in Indonesia from 2018 to 2022 tends to fluctuate and only experienced growth from 2.81% in 2019 to 2.82% in 2022 (including social/compulsory insurance). Insurance penetration in Indonesia is also relatively low compared to other ASEAN countries. Based on data in

the ASEAN Insurance Surveillance Report 2022 (excluding mandatory/social insurance), in 2021 Indonesia's insurance penetration will be 1.4%, Vietnam 2.2%, Philippines 2.5%, Malaysia 3.8%, Thailand 4, 6%, and Singapore 12.5%. The results of the study by Ward & Zurbruegg, (2002) in Rangga & Setiawina (2021) and theoretical studies show that the insurance demand function is a representation of the level of insurance penetration, namely the ratio of the amount of insurance premiums compared to the level of Gross Domestic Product. President Director of Indonesia Financial Group (IFG) Robertus Billitea said that the low level of public financial literacy is one of the reasons why insurance penetration in Indonesia is still minimal. (ANTARA, Indonesian News Agency 2022)

The growth of the insurance industry in Indonesia has shown a positive trend in recent years(OJK, 2023). Even though the insurance industry continues to grow, challenges in equal access still arise. Based on data from the Financial Services Authority on general insurance, the largest percentage of premium income per region was obtained by DKI Jakarta at 63% of total premium income. However, this is different from Bali Province, which only accounts for 1.7% of total general insurance premium income. The same thing also happens in the life insurance and sharia insurance industries which are more concentrated on the island of Java, especially in DKI Jakarta. Several factors influence equal access to insurance in Indonesia, including geographic disparities, public awareness resulting from a lack of financial education, and appropriate premium prices. This is also supported by the lack of focus on insurance companies expanding outside of Java, so a strategy to fill the gap is needed so that insurance services can be evenly distributed throughout the archipelago.(OJK, 2023).

Education to increase understanding of finance in today's society is very much needed (Yushita, 2017). The role of financial institutions is very necessary considering the increasingly rapid economic growth and development. Various types of financial institutions that now exist in society try to distribute various types of financial products and services to society as a whole. This encourages people to have an understanding of financial products and services regarding benefits, risks, and rights and obligations so that people can determine financial products and services that suit their needs and can improve people's welfare.

Financial Literacy is a basic need that a person needs to have, in order to avoid financial problems. The cause of financial problems is not only due to low income, but can also be due to a lack of knowledge in managing finances (Yushita, 2017). Financial literacy shows an individual's ability to utilize the resources they have to achieve and improve prosperity (Kusnandar, 2018). Achieving financial prosperity requires knowledge, behavior and attitudes towards healthy financial management. The extent

to which a person has knowledge, behavior and attitudes in managing finances is known as financial literacy.

The concept of financial literacy can influence decisions in utilizing insurance financial products and services, supported by several previous research results such as research fromLin, Hsiao and Yeh (2017) which proves that the level of financial literacy influences the purchase of life insurance. Research resultWahono and Leng (2022), States thatFinancial literacy has a significant effect on life insurance ownership, this is because financial literacy helps someone understand the importance of having life insurance as a form of risk transfer. Jemada (2020),mentioned that lFinancial iteration is able to predict a person's decision to invest and this is in accordance with the facts of descriptive data calculations where people with medium and high levels of literacy prefer insurance decisions. Also supported byBuchori et al. (2022), who stated that financial literacy was significant and positive in influencing interest in purchasing insurance products among students. However, contrary to the results of research fromMahdzan and Peter Victorian (2013), which shows that financial literacy does not have a significant influence on demand for life insurance. This shows that regardless of financial literacy or not, individuals can still be sensitive to insecurities in life and the demand for life insurance.

Financial literacy has the ability to empower households in making wise financial decisions. This empowerment not only strengthens short-term financial stability but also builds a strong defense against unexpected challenges that may lurk in the future(Fatchan, Putri, and Zamakhsyari 2023). There are still many households who doubt the benefits of insurance.Riwukore (2022), stateMany insurance agents sell products by taking advantage of the low level of financial literacy of prospective customers, so that many customers feel disadvantaged because of the lack of information about insurance products they receive, so this reduces household decisions to use insurance financial service products.

According to data from the 2020 population census results by BPS, the number of households in Bali Province is 1,180.1 thousand households. This number is dominated by Denpasar City which has a total of 292.6 thousand households. Denpasar City is the center of the city so technically Denpasar City is the barometer of Bali Province and the most distribution of insurance marketing offices is in Denpasar City. (Rangga and Setiawina 2021).

Household decisions in utilizing insurance financial service products are also influenced by household socio-economic characteristics such as the amount of income earned by the household. This makes it possible that the cause of people's low insurance coverage is that the per capita income they receive is still low so that the

need for insurance protection is not classified as a primary need. (Hanafi et al., 2021). This is in line with the resultsresearch from(Rangga and Setiawina (2021), regarding the influencing factors of insurance awareness in Denpasar City which states that someone who has a higher income is more aware of having insurance because they are able to manage their finances better.

Another household characteristic that influences household decisions in utilizing insurance financial products and services is the number of family dependents. The more dependents a family has, the greater the family's expenditure level will usually be. Research resultMahdzan and Peter Victorian (2013), There are significant differences between groups in the number of dependents, showing that individuals with three dependents have the highest demand for life insurance, followed by individuals with no dependents, one dependent, and lastly, two dependents.

The next household characteristic is the level of education. The level of education will influence a person's mindset, this is because someone who has a higher level of education will have broader knowledge than someone with a lower level of education. Someone with extensive knowledge will understand that the risks they have need to be managed so that large losses do not occur, so insurance will be considered a form of risk management.(Nurhayati and Lestari 2018). The same thing is also supported by research results fromPratama & Soedarmanto (2023), which states that a customer's level of education is often related to the level of knowledge they have, with more customer knowledge being able to influence purchasing decisions. When a customer has more knowledge, he will certainly have better references in making decisions

The final household characteristic is the gender of the head of the household. Men's way of making decisions is certainly different from women's, especially in the financial sector, men are more confident in making risky financial decisions, in contrast to women who are more likely to plan financially than men. Herawati and NW Yulianita Dewi (2020). Research results from Hermawati (2013), shows that gender has an influence on the level of people's understanding of insurance. In contrast to the results of research fromPrince (2013), which shows that demographic factors including gender apparently have no influence on a person's attitudes and behavior in aspects of financial planning, including insurance planning.

Based on the above phenomenon, the variables taken to prepare this report are financial literacy and household characteristics such as household income, number of dependents, education level, gender of the head of the household on household decisions in utilizing insurance financial service products.

RESEARCH METHODS

This research uses a quantitative approach in associative form. This research is located in Denpasar City. Denpasar City was chosen because Denpasar City is the capital of Bali Province, so technically Denpasar City is the barometer for Bali Province. Apart from that, Bali Province was chosen because according to data from the OJK in 2014 only 20 percent of the Balinese population used insurance. The objects of this research are financial literacy, household income, number of family dependents, education level, gender.

The dependent variable in this research is the opportunity for household decisions to utilize insurance financial products and services (Y). There are five independent variables in this research, namely financial literacy (X1), household income (X2), number of dependents (X3), education level (X4), gender (X5). The population in this study were households in Denpasar City. According to data from the 2020 population census results by BPS, the number of households in Denpasar City is 292.6 thousand households. Based on calculations using the Slovin formula, a sample size of 100 households in Denpasar City was obtained. The technique used in sampling is a non-probability sampling technique which is purposive sampling. The data collection method in this research was carried out by means of observation and structured interviews. The research instrument used in this research was a questionnaire. The data analysis technique in this research uses Binary Logistic Regression analysis. The formulation of the Binary Logistic Regression model in this research is expressed in the following equation:

$$\ln \left(\frac{p}{1-p}\right) = \beta_0 + \beta_1 X_{1i} + \beta_2 X_{2i} + \beta_3 X_{3i} + \beta_4 X_{4i} + \beta_5 X_{i5i} \quad \text{.....(3.1)}$$

or

$$\ln[\text{odds}(T/X1, X_2, \ldots X_{i5})] = \beta_0 + \beta_1 X_{1i} + \beta_2 X_{2i} + \ldots + \beta_5 X_{i5i} \quad \text{.....(3.2)}$$

Information:

Yi = Household decision to use insurance financial service products
X1 = Financial Literacy
X2 = Household Income
X3 = Number of Dependents
X4 = Education Level
Xi5 = Gender

If an econometric model is created, it can be expressed in the following equation:

$Y_i = \beta_0 + \beta_1 X_{1i} + \beta_2 X_{2i} + \beta_3 X_{3i} + \beta_4 X_{4i} + \beta_5 X_{i5i} + \varepsilon$..... (3.3)

By using the Binary Logistic Regression model, you are required to find the probability value using a formula$\frac{1}{1+e^{-(\beta i)}}$.where the β value is obtained from the resulting regression coefficient value so that it can interpret the variables used (Suyana Utama, 2016).

RESULTS AND DISCUSSION

Validity and Reliability Test Results

Validity Test Results

Validity is a measure that shows the levels of validity or authenticity of an instrument. The validity of a questionnaire can be seen from the calculated r value which is greater than 0.3 (Ghozali, 2016). The validity test results are presented in Table 1 as follows:

Table 1. Validity Test Results of Research Instruments

No.	Variable	Instrument Code	Correlation coefficient	Information
1	Financial Literacy	X1.1	0.923	Valid
		X1.2	0.859	Valid
		X1.3	0.860	Valid
		X1.4	0.786	Valid
		X1.5	0.760	Valid
		X1.6	0.766	Valid
		X1.7	0.836	Valid
		X1.8	0.892	Valid
		X1.9	0.838	Valid

Source: Processed Data, 2024

The validity test results in Table 1 show that the research instrument consisting of financial literacy statement items (X1) has a correlation coefficient value greater than 0.3. So, all indicators of this statement have met the requirements for data validity.

Reliability Test

Reliability testing was carried out to measure the consistency and stability of the questionnaire. A variable can be said to be reliable if the Cronbach's alpha value is greater than 0.60 (Ghozali, 2016). The reliability test results are presented in Table 2 as follows:

Table 2. Research Instrument Reliability Test Results

No.	Variable	Cronbach's Alpha	Information
1	Financial Literacy (X1)	0.945	Reliable

Source: Processed Data, 2024

The reliability test results presented in Table 2 show that the Cronbach Alpha value of the variable is greater than 0.60. So, it can be concluded that the statements in this research questionnaire are reliable and can be used.

Factor Analysis Results

Confirmatory Factor Analysis is carried out using analytical steps, namely, identification of the variables used, followed by extraction of the variables so that they become just one factor using the principal component method.(Main 2016). Kaiser Meyer Olkin was used to determine the construct validity of factor analysis. Factor analysis is considered feasible if the KMO quantity has a minimum value of 0.5. The results of the Kaiser Meyer Olkin test can be seen in Table 3.

Table 3. Test Results Kaiser Meyer Olkin (KMO)

No	Factor	KMO	Sig Chi-square
1	Financial Literacy (X1)	0.934	0,000

Source: Processed Data, 2024

The test results are shown in Table 3. If the Kaiser Meyer Olkin Measure of Sampling Adequancy value is > 0.50 and the Bartlett's Test of Sphericity (Sig.) value is 0.000 < 0.50, then the factor analysis in this research can be continued because it meets the first requirement .

Measures of Sampling Adequacy (MSA) is used to determine the feasibility of factor testing for each variable. The variable model is said to be feasible if the MSA value of each variable is greater than 0.5. Table 4 shows the MSA test results of the financial literacy variable consisting of several indicators. The financial literacy variable indicator shows that the MSA value of each variable indicator is greater than 0.5, which means that each model is suitable for use in analysis.

Table 4. Results Measures of Sampling Adequacy (MSA)

Variable	Indicator	MSA value
Financial Literacy	X1.1	0.926
	X1.2	0.930
	X1.3	0.949
	X1.4	0.918
	X1.5	0.901

	X1.6	0.933
	X1.7	0.948
	X1.8	0.944
	X1.9	0.925

Source: Processed Data, 2024

Table 5 shows the results of the Communalities test of the financial literacy variable which consists of several indicators. The Communalities test aims to show whether all the indicators studied can explain the factors or not. A variable is considered capable of explaining a factor if the Extraction value is greater than 0.50. Based on the Communalities test presented in table 5, the financial literacy variable indicator shows the Extraction value of each variable indicator is greater than 0.50, which means the variable is considered capable of explaining factors.

Table 5.Communalities

Variable	Indicator	Initial	Extraction
Financial Literacy	X1.1	1,000	0.743
	X1.2	1,000	0.730
	X1.3	1,000	0.634
	X1.4	1,000	0.621
	X1.5	1,000	0.606
	X1.6	1,000	0.535
	X1.7	1,000	0.585
	X1.8	1,000	0.780
	X1.9	1,000	0.747

Source: Processed Data, 2024

Data Analysis Results

Results of Descriptive Statistical Analysis

Descriptive statistics is a statistical method that has the main function of systematically describing and presenting data that has been collected in a study. Through the use of descriptive statistics, a clear and detailed picture can be obtained regarding the characteristics of research data, which includes various important aspects such as the average value (mean), standard deviation, variance, maximum and minimum values, total amount of data, range, as well as data distribution which is measured through quortosis and skewness (skewness of the distribution). These descriptive statistics allow researchers to present information in a concise but informative manner, making it easier to interpret and understand complex data. In this way, researchers can identify patterns, trends and anomalies in the data, which can then be used as a basis for further analysis or more accurate decision making (Ghozali,

2021). The results of descriptive statistical analysis tests can be seen in Table 6 below.

Table 6. Descriptive Statistical Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
Household Decision to Utilize Insurance Financial Services (Y)	100	0.00	1.00	0.6600	0.47610
Financial Literacy (X1)	100	2.33	4.00	3.2219	0.58364
Household Income (X2)	100	2,000,000	15,500,000	5,956,500	3,172,145.61902
Number of Dependents (X3)	100	1.00	7.00	3.4400	1.28959
Education Level (X4)	100	9.00	18.00	13,9000	2.62659
Gender (X5)	100	0.00	1.00	0.5700	0.49757

Source: Processed Data, 2024

Based on Table 6 presented, it can be interpreted as follows.

1) The household decision variable to utilize insurance financial services (Y) has a minimum value of 0.00, a maximum value of 1.00 and an average value of 0.6600. The average value of 0.6600 indicates that the average respondent's answers to the research questionnaire tend to decide to have insurance or will decide to have insurance. The standard deviation value of 0.47610 indicates that there is a deviation of 0.47610. Based on these figures, it can be stated that the distribution of data in the form of respondents' answers to the questionnaire statement items is even.
2) The financial literacy variable (X1) has a minimum value of 2.33, a maximum value of 4.00 and an average value of 3.2219. The average value of 3.2219 indicates that the average respondent's answers to the research questionnaire indicate that the respondent's level of financial literacy is high. The standard deviation value of 0.58364 indicates that there is a deviation of 0.3864. Based on these figures, it can be stated that the distribution of data in the form of respondents' answers to the questionnaire statement items is even.
3) The household income variable (X2) has a minimum value of 2,000,000.00, a maximum value of 15,500,000.00 and an average value of 5,956,500.00. The average value of 5,956,500.00 shows that the average response of respondents to the research questionnaire shows that the wage level received by respondents is above the minimum wage set by the City of Denpasar, namely 3,096,823.00. The standard deviation value of 3,172,145.61902 indicates that

there is a deviation of 3,172,145.61902. Based on these figures, it can be stated that the distribution of data in the form of respondents' answers to the questionnaire statement items is even.

4) The variable number of dependents (X3) has a minimum value of 1.00, a maximum value of 7.00 and an average value of 3.4400. The average value shows that each resident on average supports 2,4400 family members or 3 people if rounded up. The standard deviation value of 1.28959 indicates that there is a deviation of 1.28959. Based on these figures, it can be stated that the distribution of data in the form of respondents' answers to the questionnaire statement items is even.

5) The education level variable (X4) has a minimum value of 9.00, a maximum value of 18.00 and an average value of 13.9000. The average value shows that households in Denpasar City have completed high school level education, where the number of successful years of high school education is 12 years. The standard deviation value of 2.62659 indicates that there is a deviation of 2.62659. Based on these figures, it can be stated that the distribution of data in the form of respondents' answers to the questionnaire statement items is even.

6) The gender variable (X5) has a minimum value of 0.00, a maximum value of 1.00 and an average value of 0.5700. The average value shows that household financial decisions tend to be made by women. The standard deviation value of 0.49757 indicates that there is a deviation of 0.49757. Based on these figures, it can be stated that the distribution of data in the form of respondents' answers to the questionnaire statement items is even.

Classical Assumption Test Results (Multicollinearity Test)

If the significance value is less than 90%, it is said that there is no multicollinearity(Ghozali, 2021).The following table 7 presents the results of the multicollinearity test.

Table 7. Classic Assumption Test Results (Multicollinearity Test)

		Constant	X1	X2	X3	X4	X5
Step 1	Constant	1,000	0.849	-0.525	-0.512	-0.876	-0.387
	X1	0.849	1,000	-0.697	-0.623	-0.557	-0.559
	X2	-0.525	-0.697	1,000	0.371	0.128	0.541
	X3	-0.512	-0.623	0.371	1,000	0.177	0.459
	X4	-0.876	-0.557	0.128	0.177	1,000	0.052
	X5	-0.387	-0.559	0.541	0.459	0.052	1,000

Source: Processed data, 2024

From the processing results, it can be concluded that all independent variables in this study do not have multicollinearity between one variable and another because the significance value is less than 90%.

Model Feasibility Test Results (Hosmer and Lemeshow's Goodness of Fit Test)

The null hypothesis that the empirical data is suitable or appropriate to the model is obtained when the significance of Hosmer and Lemeshow's Goodness of Fit Test Statistics > α = 0.05 (Ghozali, 2021). The following table 8 presents the test results.

Table 8.Hosmer and Lemeshow's Goodness of Fit Test

Chi-square	df	Sig.
1,338	8	0.995

Source: Processed data, 2024

Table 8 shows that the significant value of Hosmer and Lemeshow's Goodness of Fit Test Statistics is 0.995 > α = 0.05. This means that there is no difference between the model and the empirical data studied so that the model is said to be feasible.

Logistic Regression Model Analysis

The results of the calculation between the dependent variable, household decisions in utilizing insurance financial service products (Y) with the independent variables being financial literacy (X1), household income (X2), number of dependents (X3), education level (X4), gender (X5) with the Binary Logistic Regression method which will be presented in table 9.

Table 9. Results of Logistic Regression Analysis

	Coefficient (β)	Std. Error	Wald	Sig
Financial Literacy (X1)	-4,739	2,002	5,606	0.018
Household Income (X2)	0,000	0,000	5,280	0.022
Number of Dependents (X3)	2,097	0.973	4,640	0.031
Education Level (X4)	1,803	0.891	4,098	0.043
Gender (X5)	2,864	1,372	4,362	0.037
Constant	-39,755	13,975	8,093	0.004

Source: Processed data, 2024

$\hat{Y}_i$ = -39.755 - 4,739X_{1i} + 0,000X_{2i} + 2,097X_{3i} + 1,803X_{4i} + 2,864X_{i5i}
Sb = (13,975) (2,002) (0,000) (0,973) (0,891) (1,372)
t = (-2,845) (-2,368) (2,298) (2,154) (2,024) (2,089)
Sig = (0,018) (0,022) (0,031) (0,043) (0,037) (0,004)
Information:
$\hat{Y}_i$ = Household Decisions in Utilizing Insurance Financial Services Products
X1 = Financial Literacy
X2 = Household Income
X3 = Number of Dependents
X4 = Education level
X5 = Gender

Simultaneous Significance Test Results (Omnibus Tests of Model Coefficients)

The simultaneous significance test uses the Omnibus Tests of Model Coefficients test where H0 is rejected if the test statistic falls in the H0 rejection area or the value x2 > x2(0.05;4) = 9.487.

Table 10. Omnibus Test Results of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	96,947	5	0,000
	Block	96,947	5	0,000
	Model	96,947	5	0,000

Source: Processed data, 2023

Table 10 shows that the value of x^2count = 96,947 > x^2(0,05;4) = 9,487. This means accepting H1 and rejecting H0 which indicates that financial literacy, household income, number of dependents, education level and gender simultaneously influence household decisions in utilizing insurance financial services.

Partial Coefficient Significance Test Results (t Test)

The t test was carried out to test the research hypothesis regarding the influence of the independent variable partially on the dependent variable. The test is carried out by looking for the t test value by finding out the root result of the Wald value obtained from the test results using SPSS. As for hypothesis testing, you can refer to table 9 and the results obtained are as follows.

1) The Influence of Financial Literacy on Household Decisions in Using Insurance Financial Services

   Based on table 9, it shows that the results of the analysis of financial literacy on

household decisions in utilizing insurance financial services obtained a test value of t_1 = -2.368 < t (0.05;94) = -1.661, which means that financial literacy has a significant negative influence on decision opportunities. households in utilizing insurance financial service products. This means that the results of the t test value reject H0 and accept H1.

2) The Influence of Household Income on Household Decisions in Using Insurance Financial Services

   Based on table 9, it shows that the results of the analysis of household income on household decisions in utilizing insurance financial services obtained a test value of t2 = 2.298 > t(0.05;94) = 1.661, which means that household income partially has a positive effect on decision opportunities. households in utilizing insurance financial service products. This means that the results of the t test value reject H0 and accept H1.

3) The Influence of the Number of Dependents on Household Decisions in Using Insurance Financial Services

   Based on table 9, it shows that the results of the analysis of the number of dependents on household decisions in utilizing insurance financial service products obtained a test value of t3 = 2.154 > t(0.05;94) = 1.661, which means that the number of dependents partially has a positive effect on household decision opportunities. in utilizing insurance financial service products. This means that the results of the t test value reject H0 and accept H1.

4) The Influence of Education Level on Household Decisions in Using Insurance Financial Services

   Based on table 9, it shows that the results of the analysis of the level of education on household decisions in using insurance financial service products obtained a test value of t4 = 2.024 > t(0.05;94) = 1.661, which means that the level of education partially has a positive effect on household decision opportunities. in utilizing insurance financial service products. This means that the results of the t test value reject H0 and accept H1.

5) The Influence of Gender on Household Decisions in Using Insurance Financial Services

   Based on table 9, it shows that the results of gender analysis on household decisions in using insurance financial service products obtained a test value of t5 = 2.089 > t(0.05;94) = 1.661, which means that gender partially has a positive effect on household decision opportunities. in utilizing insurance financial service products. This means that the results of the t test value reject H0 and accept H1.

Discussion of Research Results

Based on the test results obtained from processing using the SPSS application, it can be concluded that all independent variables such as financial literacy (X1), household income (X2), number of dependents (X3), education level (X4), and gender (X5) have an influence simultaneously on household decisions in utilizing insurance financial service products (Y) made by households in Denpasar City which was carried out using the Omnibus Tests of Model Coefficients test which obtained a value of x2count = 96.947 > x2(0.05;4) = 9.487.

The partial discussion of the variables used can be explained as follows.

The Influence of Financial Literacy (X1) on Household Decisions in Using Insurance Financial Services Products

Based on the results obtained with the SPSS application, the Wald value is obtained to find the t value. As for the results of the t test value obtained, t1 = -2.368 > t(0.05;94) = -1.661, which means that the results of the t test value reject H0 and accept H1. So, household financial literacy in Denpasar City partially has a negative effect on household decisions in utilizing insurance financial services. Apart from that, from the research results, the values obtained are β = -4.739 and sig = 0.018. This means that financial literacy, assuming that other variables are considered constant, has an influence of a probability of 0.0086 or 0.86% obtained from $\frac{1}{1+e^{-(-1,661)}}$

Financial literacy has a significant negative effect on the decision to utilize insurance financial services, this shows that the higher the level of financial literacy, the lower the opportunity to utilize insurance financial service products. This condition occurs because financial literacy is not only about knowledge and understanding of finances but also must consider subjective knowledge such as perceptions, beliefs and personal experiences to help manage finances well.(Kusumaningrum et al., 2023). People with higher levels of financial literacy are more likely to understand financial risks and consider themselves capable of managing them without needing to rely on insurance. This could be due to confidence in their ability to plan and manage their finances well.

Public trust is also influenced by the increasing number of cases of insurance industry failure to pay circulating in the community. One of them is the case of failure to pay the Bumiputera Joint Life Insurance (AJB). Insurance observer and author of the book The Collapse of Our Insurance, Irvan Rahardjo, said that problems also occur due to weak governance, weak supervision by the Financial Services Authority (OJK), and a lack of understanding about asset liability management. The case of default by customers or AJB Bumiputera policy holders was not resolved until the beginning of

the new year 2021. Thousands or even hundreds of thousands of customers have submitted claims for disbursement of funds, because their contracts have expired. Some have even claimed since 2017, but have never been paid(Sylke Febrina Laucereno 2021).

Research results fromKusumaningrum et al. (2023) states that there is no positive relationship between financial literacy and financial management behavior. This means that financial literacy has not been able to improve financial management behavior. Besides thatSari & Listiadi (2021)stated that financial literacy has no effect on financial management behavior. The research results explain that good financial literacy does not guarantee good financial management behavior.

The influence of household income (X2) on household decisions in utilizing insurance financial services products

Based on the results obtained with the SPSS application, the Wald value is obtained to find the t value. As for the test value obtained, the t2 test = 2.298 > t(0.05;94) = 1.661, which means rejecting H0 and accepting H1. So, household income obtained from work and passive income partially have a positive effect on household decisions in utilizing insurance financial services. Meanwhile, the regression coefficient value for the household income variable is β2 = 0.000 with a sig = 0.022, which means that household income, assuming other variables are considered constant, has an influence of probability 0.5 or 50% obtained from $\frac{1}{1+e^{-(0,000)}}$.

The results of this research are in line with research byWati (2016),Syafina. R et al. (2023), as well asMahdzan & Peter Victorian (2013)which states that income has a positive and significant influence on insurance decisions. Households with higher incomes have greater purchasing power and are able to allocate part of their income to pay insurance premiums. Insurance premiums are not considered a priority need by households with low incomes, but are more easily affordable by households with high incomes. With better financial capabilities, you can choose an insurance policy with wider coverage and more benefits. This helps provide protection from various risks such as accidents, illness or property damage. In this way, insurance can maintain financial stability and protect assets owned, thereby reducing the financial impact of unexpected events.

The Influence of Number of Dependents (X3) on Household Decisions in Using Insurance Financial Services Products

Based on the results obtained with the SPSS application, the Wald value is obtained to find the t value. As for the test value obtained, the t3 test = 2.154 > t(0.05;94) = 1.661, which means rejecting H0 and accepting H1. So, the number of

dependents borne by the household partially has a positive effect on household decisions in utilizing insurance financial services. Meanwhile, the regression coefficient value for the variable number of dependents is β3 = 2.097 with a value of sig = 0.031 which means that the number of dependents assuming other variables are considered constant has an influence of probability 0.891 or 89.1% obtained from$\frac{1}{1+e^{-(2,097)}}$.

The results of this research support research conducted bySayugyaningsih et al (2022)which states that the number of dependents has a significant positive influence on interest in insurance. The higher the number of dependents in the household, the greater the need to ensure that all family members are financially protected. With more family members needing to be protected, the financial risks faced by households also increase. This means that unexpected events such as illness, accident, or death of a breadwinner can have a greater impact on the economic stability of the household. Therefore, insurance becomes an important tool for mitigating these risks, providing financial protection that can help reduce the financial burden that may arise. By having insurance, households can feel safer and calmer, knowing that they have adequate protection to face various possible risks that can affect the welfare of all family members.

The Influence of Education Level (X4) on Household Decisions in Using Insurance Financial Services Products

Based on the results obtained with the SPSS application, the Wald value is obtained to find the t value. As for the test value obtained, the t4 test = 2.024 > t(0.05;94) = 1.661, which means rejecting H0 and accepting H1. So, the level of education partially has a positive effect on household decisions in utilizing insurance financial services. Meanwhile, the regression coefficient value for this education level variable is β4 = 1.803 with a sig value = 0.043 which means that the level of education, assuming other variables are considered constant, has an influence of probability 0.858 or 85.8% which is obtained from.$\frac{1}{1+e^{-(1,803)}}$

The results of this research are supported by the results of research byAffandi (2016)which states that education has a significant positive influence on insurance decisions. Highly educated people have a great opportunity to use insurance products because of their knowledge of insurance benefits and mechanisms. They understand the concept of risk transfer, where the financial risk of an unexpected event can be transferred to the insurance company through premium payments. This knowledge makes them more aware of the importance of having financial protection for themselves and their families. In addition, highly educated people tend to be better able to analyze and compare various insurance products, so they can choose the policy

that best suits their needs and situation. In doing so, they are more proactive in seeking information and making wise decisions regarding insurance coverage, ensuring long-term financial security.

The Influence of Gender (X5) on Household Decisions in Using Insurance Financial Services Products

Based on the results obtained with the SPSS application, the Wald value is obtained to find the t value. As for the test value obtained, the t5 test = 2.089 > t(0.05;94) = 1.661, which means rejecting H0 and accepting H1. So, gender partially has a positive effect on household decisions in utilizing insurance financial services. Meanwhile, the regression coefficient value for this gender variable is β5 = 2.864 with a sig value = 0.037, which means that financial decisions in the household made by women have an influence of probability 0.946 or 94.6% obtained from utilizing insurance financial service products.$\frac{1}{1+e^{-(2,864)}}$

The results of this research support research conducted by(Rangga & Setiawina, 2021)which states that the level of insurance awareness among men is lower than women. The main reason is that women play a greater role in managing household finances, so they better understand the benefits of having insurance to manage financial risks. Women are often responsible for budget planning, paying bills, and ensuring that the family's daily needs are met. In this role, women become more aware of the potential financial risks that can arise from unexpected events such as illness, accident, or loss of income. This awareness encourages women to look for ways to protect family finances, one of which is by purchasing an insurance policy that suits their needs. With a deeper understanding of how insurance can provide financial protection and stability, women are more likely to take proactive steps to ensure their families are protected from risks that could disrupt economic well-being.

CONCLUSION

Based on the analysis and discussion of the results of the research conducted, several conclusions were obtained as follows:

1) Financial literacy, household income, number of dependents, education level, and gender simultaneously influence household decisions in utilizing insurance financial service products.
2) Financial literacy, household income, number of dependents, education level, and gender partially have a significant influence on household decisions in utilizing insurance financial service products.

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