

Research Paper

INSURANCE LITERACY AMONG GEN Z WOMEN: FINANCIAL LITERACY AND EDUCATION LEVEL AS MEDIATING VARIABLES

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ABSTRACT

Insurance literacy among Gen Z women in Bekasi Regency, one of the highest economic areas in West Java, should be more familiar with various insurance instruments. In fact, many Gen Z women in Bekasi Regency still have minimal use of insurance products. Based on this background, this study aims to examine the first aspect of the direct role of financial literacy on insurance literacy, the second aspect of the direct influence of financial literacy on education level, the third aspect of the direct impact of education level on insurance literacy, and the fourth aspect of the mediating role of education level in the indirect relationship between financial literacy and insurance literacy. The research method is quantitative causality, with a sample of Gen Z women in Bekasi Regency using purposive sampling of 100 respondents. The data analysis technique uses SEM-PLS. The results of the study found that financial literacy has a significant positive direct effect on insurance literacy. Financial literacy has a significant positive direct effect on education level. Education level has a significant positive effect on insurance literacy. Finally, education level mediates the relationship between financial literacy and insurance literacy. Theoretical contributions include developing decision-making skills, choosing the right financial products, and building financial resilience. Practical contributions include the ability to manage finances and reduce debt, better financial planning for the future, and utilization of technology and digital trends.

Keywords: Financial Literacy, Education Level, Insurance Literacy, Gen Z, Women

JEL code: G40, G52, G53

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INTRODUCTION

In the dynamics of life, humans often face various unexpected and risky events, which can ultimately cause losses in various forms. Risk itself can be understood as the possibility of unexpected events occurring and causing losses (Sekita et al., 2022). In Indonesia, some institutions play a role in providing guarantees and protection against possible risks, namely insurance. The insurance industry has experienced significant growth in various countries, and its expansion now covers most regions, including Indonesia. Non-bank financial institutions that apply sharia principles have now expanded their reach to cover various regions, including remote areas throughout the country. However, Generation Z's understanding of the importance of self-protection through insurance is still relatively low, as they are more focused on urban lifestyles than financial protection. Additionally, Generation Z exhibits different behavioral patterns compared to previous generations. The 2019 Indonesian Millennials Report (IMR) indicates that Generation Z tends to allocate more spending on entertainment needs than on insurance requirements (Siregar & Serpina, 2024). The attitude and interest of Generation Z towards purchasing life insurance is still relatively low. They tend to pay less attention to the importance of having life insurance protection, so the interest of millennials, especially Generation Z, in this matter is still very limited and shows a low level of approval (Pramudya & Rahmi, 2022). In recent years, the insurance industry has faced complex and ongoing challenges. This is especially true in efforts to attract young consumers such as Generation Z (Gen Z). Research reveals that Gen Z has different priorities and preferences compared to previous generations, particularly regarding employee benefits and purchasing decisions (Bongini et al., 2023).

The phenomenon of insurance literacy among Generation Z shows a growing awareness, but many have yet to fully implement it, driven by a desire for well-being and peace of mind rather than mere wealth. Gen Z tends to value individuality, flexibility, transparency, and ethics more, and has easier access to information through digital platforms. However, low levels of financial literacy can make them vulnerable to fraud and difficulties in managing their finances and insurance (Yanti et al., 2024). Gen Z prioritizes quality of life and peace of mind over the accumulation of great wealth, including in financial and insurance planning. High costs and economic uncertainty make long-term planning difficult for many young adults. Many Gen Zers still lack a deep understanding of financial management and insurance products, making them vulnerable to falling into debt or becoming targets of fraudulent investment schemes (Darwin & Gularso, 2024).

The phenomenon of Gen Z women's financial literacy regarding insurance shows that this generation has a positive and progressive view of the insurance industry, even though their financial literacy in general is still low (Garba et al., 2022). This creates a dualism in which the enthusiasm of young people for insurance contrasts with their lack of understanding of overall financial management, including complex insurance products. However, there is an opportunity for the insurance industry to capitalize on this enthusiasm with appropriate education to improve their literacy (Pramudya & Rahmi, 2022).

The level of Gen Z women's education on insurance literacy shows that the higher the level of Gen Z women's education, the higher their potential for insurance literacy, although women's insurance literacy in general is still an area that needs attention (Harrison et al., 2022). Gen Z women are characterized as a tech-savvy generation who can utilize digital technology to improve their understanding of finance and insurance through social media content, podcasts, and applications. Higher education levels and tech-savvy characteristics open up great opportunities to provide insurance literacy education for Gen Z women through interactive, accessible digital formats that are tailored to their habits (Kadoya et al., 2022).

The phenomenon of financial behavior in Gen Z women's insurance literacy is influenced by low financial literacy, a preference for financial technology, and an awareness of the

importance of self-protection through insurance, although there is still a gap in understanding risk management and investment, as well as a tendency to avoid risks that can hinder the adoption of insurance products (Garba et al., 2022). Many Gen Z women feel they lack sufficient income, making it difficult to save consistently and have enough emergency savings to cover expenses for several months (Siregar & Serpina, 2024).

Previous research by (Ramadhani et al., 2020) examined sharia insurance literacy about age, gender, income, occupation, and Education. The findings showed that Education did not have a significant effect on Sharia insurance literacy. Another study by (Nanda et al., 2024) examined the relationship between interest in purchasing life insurance products and financial literacy. The findings of this study showed that financial literacy has a strong relationship with interest in purchasing insurance products, making financial literacy an effective factor in enhancing insurance knowledge. The study by (Harrison et al., 2022) found that insurance literacy contributes significantly to increasing millennials' interest in purchasing insurance products, reflecting their good understanding of insurance through such literacy. From the previous studies described above, the first novelty of this study lies in the use of education level as a mediator of financial literacy and insurance literacy, which has not been done in previous studies. The second novelty is that the sample was taken from Gen Z women in Bekasi Regency, whereas previous studies used a general gender sample and a different sample area. Despite the novelty of this study, there are still several shortcomings that have not been explained and used in previous studies. Research gaps in insurance literacy in Indonesia include a lack of studies on the impact of specific literacy programs, the effectiveness of various educational channels in rural areas, the relationship between insurance literacy and financial literacy in general, and more in-depth research on differences in insurance literacy between demographics (age, income, education) and types of insurance products.

Research on insurance literacy in Indonesia provides practical contributions in the form of: increased public awareness and understanding of the importance of insurance; the development of more effective products and marketing strategies by the insurance industry; and the formulation of better policies by regulators to protect consumers. Theoretically, this research broadens our understanding of the factors that influence insurance literacy and consumer behavior, provides a foundation for further research, and contributes to the development of theories on financial literacy in the Indonesian context.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Theory of Financial Behavior

Financial Behavior Theory is the study of how individuals treat, manage, and use their financial resources to achieve financial goals. Experts such as (Xiao, 2008) agree that financial behavior involves planning, budgeting, managing, controlling, and saving funds. This theory also highlights psychological factors, as explained by (Kahneman & Tversky, 1984), who describe how biases and “framing” influence financial decisions, developing Prospect Theory, which explains how biases and the “framing” process influence financial decisions and why people tend to be more sensitive to losses than gains. Financial behavior combines the impact of psychology and economics in order to find the underlying reasons for rational solutions to spending, investing, borrowing, and saving. Financial behavior contradicts one of the conventional axioms of finance, which states that humans are rational and make all financial decisions after thoroughly considering all issues.

Insurance Literacy

According to (Kiwanuka & Sibindi, 2023b), insurance literacy refers to an individual's understanding, knowledge, skills, attitudes, and behaviors in making appropriate financial decisions related to insurance products. This includes understanding the product, benefits, risks,

rights and obligations of policyholders, as well as the ability to choose insurance that suits their needs and manage claims. Understanding insurance concepts, various types of products, how policies work, and the risks associated with an insurance product (Hidayah et al., 2024). Encouraging good financial decision-making to improve individual and family welfare and minimize future financial risks. Insurance literacy for Gen Z women is essential for building financial security, planning for the future, and protecting themselves from unexpected risks. Gen Z needs to understand the benefits of insurance, overcome negative stigma and discomfort around the topic of insurance, and use digital approaches to learn about complex insurance products. Insurance is a financial instrument to mitigate risks and transfer them to other institutions that are able to bear them. Insurance provides a sense of security and protection from unexpected financial risks, so Gen Z does not need to worry about future losses (Darwin & Gularso, 2024).

Financial Literacy

Financial literacy is an individual's knowledge and ability to understand financial concepts, risks, and skills to make effective financial decisions, improve financial well-being, and protect oneself from financial risks. It includes understanding budgeting, saving, investing, insurance, and debt management (Kiwauka & Sibindi, 2023b). Financial literacy theory explains that it is a combination of knowledge, skills, beliefs, and behaviours that enable individuals to make sound financial decisions for their well-being. Some major theories include the Triarchic Theory, which views financial literacy as a combination of knowledge, capacity, and values, and the application of the Theory of Reasoned Action (TRA), which explains how attitudes, intentions, and beliefs influence a person's financial behaviour.

Financial literacy among Gen Z women focuses on gender differences in financial behavior and knowledge, where women tend to be more cautious in making financial decisions but often have a lower understanding of investment instruments than men, as well as the risk of consumptive behavior and difficulties in managing debt due to the use of financial technology without adequate understanding (Bongini et al., 2023). To overcome this, financial education focused on budget management, investment, and the use of financial technology is needed, utilizing digital platforms and content from financial influencers wisely (Hidayah et al., 2024).

Level of Education

According to Article 1 of Law Number 20 of 2003 concerning National Education, education is defined as a conscious and planned effort to create a learning environment and learning process so that students actively develop their potential to have religious spiritual strength, self-control, personality, intelligence, noble character, and the skills needed by themselves, the community, the nation, and the state. According to Law of the Republic of Indonesia Number 2 of 1989 concerning the National Education System, education is defined as "a conscious effort to prepare students through guidance, teaching, and/or training for their future roles. The level of education of Gen Z women is centered on their unique characteristics as digital natives, which show higher educational potential, technological proficiency, and a preference for independent and interactive learning, but are still influenced by factors such as career aspirations and high living costs. They tend to be a more educated generation with high high school graduation rates and increased college enrollment (Yanti et al., 2024).

Hypothesis Development

The Relationship between Financial Literacy and Insurance Literacy

According to (Kiwauka & Sibindi, 2023a), financial literacy is the ability of an individual to manage and administer their finances in order to achieve greater well-being in the

future. (Apriani et al., 2025) Financial literacy can be defined as the set of skills and knowledge that an individual possesses to make effective financial decisions based on their available resources. The numerous consequences arising from financial problems related to expenditures exceeding income necessitate individuals to behave selectively. Individuals with positive financial behavior are generally more prudent in managing their finances, including in investment decision-making. This finding is consistent with the statement (Darwin & Gularso, 2024) that financial behavior theory plays a crucial role for investors, as individual behavior is the primary determinant in the investment decision-making process. In this case, women are more loyal in managing finances and wiser in managing short-term and long-term cash flow (Dewi & Hermawan, 2024).

H1: Financial literacy has a significant effect on insurance literacy.

The Relationship between Financial Literacy and Education Level

Education provides the necessary knowledge base for understanding financial concepts. The higher a person's level of education, the broader their knowledge of economics, finance, and related concepts, which in turn helps to improve their financial literacy (Yanti et al., 2024). Education enables people to understand important financial matters such as budgeting, debt management, saving, and investing. This knowledge and these skills support individuals in making more informed financial decisions and managing their finances more efficiently (El Maza, 2017). Women with a good level of education will be better at financial management, which is more practical in its application within companies (Anggranee & Alexander, 2023).

H2: Financial literacy has a significant impact on educational attainment

The Relationship between Educational Attainment and Insurance Literacy

Educational attainment has a significant impact on insurance literacy. The higher a person's level of education, the greater their opportunity to understand insurance concepts and the benefits they offer (Harrison et al., 2022). Education provides a better foundation for understanding financial concepts, risk, and risk management, enabling individuals to understand how insurance functions as a tool to protect themselves from financial risk (Kadoya et al., 2022). More educated individuals tend to be more involved in financial planning, including considering insurance as part of their financial protection strategy.

H3: Education level has a significant effect on insurance literacy.

The Relationship between Financial Literacy and Insurance Literacy through the Mediation of Education Level

The relationship between financial literacy and insurance literacy can be influenced by education level, which acts as a mediator (Garba et al., 2022). An increase in education level generally contributes to a deeper understanding and knowledge of financial literacy, thereby improving an individual's ability to understand and utilize insurance (Apriani et al., 2025). Education level can Influence financial and insurance literacy. Individuals with higher education levels usually have a deeper knowledge and understanding of various financial aspects, including insurance (Bongini et al., 2023).

H4: Education level can mediate the relationship between financial literacy and insurance literacy

RESEARCH METHODOLOGY

The research method used is quantitative causality, with the variables of financial literacy (X), education level (Z), and insurance literacy (Y), with the sample being Gen Z women in the district who have at least a high school education. Thus, the collected data can be processed and analyzed systematically to reach valid conclusions (Gujarathi, 2022). This study utilizes

primary data obtained through a questionnaire containing questions compiled based on the research instrument grid, which was then distributed directly and online according to (Arikunto, 2019) as an indirect source but still provides important information for the research process. The research sample was taken from a group of Gen Z women in Bekasi Regency. According to (Sholihin & Ratmono, 2021), the sample size for SEM-PLS is 30-50 samples for small sizes, and the ideal large size is > 250 , so that if using purposive sampling techniques with 100 respondents, it is sufficient. Data analysis was conducted using the Structural Equation Modeling (SEM) approach assisted by the SmartPLS statistical software. The selection of SmartPLS was based on the existence of latent variables in this study. Partial Least Squares (PLS) is known as a robust analysis method and is often referred to as soft modeling, as well as one of the techniques in structural equation modeling (SEM) (Ghozali, 2019).

Table 1. Variable Measurement

Variables	Codes	Statement
Financial Literacy (Apriani et al., 2025)	FL.1	Managing my monthly expenses well is very important to me.
	FL.2	Creating a monthly budget helps me control my spending.
	FL.3	I like to look for information about finance on social media or apps.
	FL.4	Saving for future needs, such as purchasing important items, is something that needs to be done.
	FL.5	It is important for me to understand the difference between savings and financial investments.
		Having emergency funds is essential for dealing with urgent situations.
Education Level (Apriani et al., 2025)	EL.1	My level of education will influence how I choose insurance.
	EL.2	My education taught me how to handle insurance planning.
	EL.3	The higher your level of education, the higher your insurance participation rate will be.
	EL.4	The higher the level of education achieved, the more knowledge can be applied in insurance planning.
	EL.5	In my opinion, education has enabled me to increase my knowledge of the importance of insurance.
Insurance Literacy (Dewi & Hermawan, 2024)	IL.1	Having health insurance is very important to protect yourself.
	IL.2	Life insurance is important for future planning.
	IL.3	Interested in having insurance when I have a permanent job.
	IL.4	Choosing the right insurance is very important, especially for young women who are starting their careers or college.
	IL.5	Insurance helps reduce unexpected financial risks.
	IL.6	Having insurance is very important, especially for women in the future.

Source: Processed by Researchers (2025)

RESULTS AND DISCUSSION

Outer Model Results

Validity Test Results

Table 2. Average Variance Extracted (AVE) Test Results

	Average Variance Extracted (AVE)
Insurance Literacy	0.657
Education Level	0.632
Financial Literacy	0.586

Source: Processed by Researchers (2025)

From the data presented in Table 2, the Insurance Literacy (Y) variable indicates an Average Variance Extracted (AVE) value of 0.657. The mediating variable, Education Level (Z), has an AVE value of 0.632. Meanwhile, for the Financial Literacy (X) variable, the AVE value obtained is 0.586. Since all these values exceed the minimum threshold of 0.50, all variables involved in this study meet the validity criteria.

Table 3. Discriminant Validity

Construct	1	2
Education Level	0.660	
Insurance Literacy	0.832	0.670

Source: Processed by Researcher (2025)

Table 3 shows the results of the discriminant validity test using the Heterotrait-Monotrait Ratio (HTMT) approach. The values for each construct variable in this study are below 0.90. This indicates that the correlation between different constructs is lower than the correlation within the same construct, which indicates good discriminant validity.

Table 4. Collinearity Statistics (VIF)

Indicator	VIF	Indicator	VIF	Indicator	VIF
X.1	2.453	Y.1	1.729	Z.1	1.840
X.2	1.744	Y.2	2.044	Z.2	1.641
X.3	1.514	Y.3	1.955	Z.3	1.941
X.4	1.758	Y.4	2.615	Z.4	2.489
X.5	2.373	Y.5	3.664	Z.5	2.410
X.6	1.772	Y.6	5.162		

Source: Processed by Researchers (2025)

Table 4 shows the results of the Collinearity Statistics (VIF) test for each research variable indicator. The results obtained for each indicator have a VIF value of less than 5, indicating that the level of multicollinearity for each variable indicator does not pose a significant problem.

Reliability Test Results

Table 5. Cronbach Alpha Test Results

	Cronbach's Alpha
Financial Literacy	0.857
Insurance Literacy	0.895
Education Level	0.854

Source: Processed by Researchers (2025)

Based on the information in Table 5, the Insurance Literacy (Y) variable produced a Cronbach alpha value of 0.895, which exceeded the minimum limit of 0.70 and indicated a strong level of Reliability. Furthermore, the mediation variable, Education Level (Z), shows a

Cronbach's alpha value of 0.854, also above the minimum standard, indicating high Reliability. Finally, the Financial Literacy (X) variable records a Cronbach's alpha value of 0.857, indicating adequate Reliability for that variable.

Inner Model Results

R Square Test Results

Table 6. R Square Test Results

	R Square	Adjusted R Square
Insurance Literacy	0.599	0.591
Education Level	0.325	0.318

Source: Processed by Researchers (2025)

From the data in Table 6, the R-Square value for the Insurance Literacy variable is recorded at 0.599, indicating a moderate relationship where 59.9% of the variation in Insurance Literacy is influenced by Financial Literacy and Education Level, while 40.1% is influenced by other factors not included in the analysis. In addition, the mediating variable Education Level, which mediates the relationship between Insurance Literacy and Financial Literacy, shows an R-Square value of 0.325, indicating a moderate relationship of 32.5% with other related variables, and the remaining 68.5% is influenced by other factors not examined in this study.

Table 7. Predictive Relevance (Q^2)

Variable	Q^2
Education Level	0.199
Insurance Literacy	0.375

Source: Processed by Researchers (2025)

Table 7 above shows the results of Predictive Relevance (Q^2) using the Construct Crossvalidated Redundancy approach. The Q^2 value for the Education Level variable is $0.199 > 0$, meaning that insurance literacy and financial literacy are relevant predictors of education level. Then, the Q^2 value for insurance literacy is $0.375 > 0$, so education level and financial literacy have predictive relevance for insurance literacy.

Table 8. Effect Size (F^2)

	Education Level	Financial Literacy	Insurance Literacy
Education Level			0.571
Financial Literacy	0.481		0.129

Source: Processed by Researchers (2025)

Table 8 shows the results of Effect Size (F^2), which indicates that the variable of financial literacy has a value of $0.129 < 0.15$, meaning it has a small effect on insurance literacy. Furthermore, financial literacy also has a value of $0.571 > 0.35$, which means it has a strong influence on insurance literacy. The financial literacy variable also has a value of $0.481 > 0.35$, thus having a strong influence on education level.

Bootstrapping Test Results

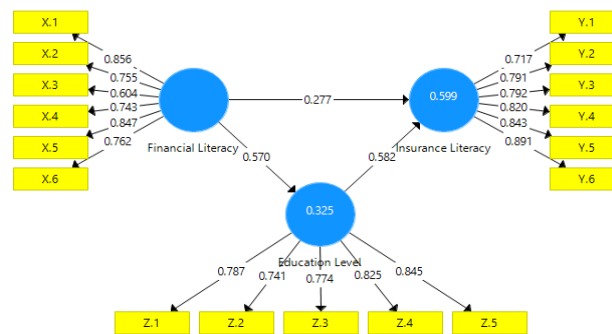


Figure 1. Bootstrapping Test Results
Source: Processed by Researchers (2025)

The analysis of the hypothesis test results in Figure 1 aims to assess the causal relationship between constructs. A variable is considered not to contribute significantly if the P-value exceeds the threshold of 0.05 (5%), while a P-value below 0.05 indicates a statistically significant effect on the related construct.

Path Coefficient Test Results

Table 9. Path Coefficient Test Results

	Sample Original (O)	Average Sample (M)	STDEV	(O/STDEV)	P- Values	Conclusion
FL → IL	0.277	0.257	0.117	2.363	0.020	Accepted
FL → EL	0.570	0.565	0.070	8.085	0.000	Accepted
EL → IL	0.582	0.602	0.076	7.686	0.000	Accepted
FL → EL → IL	0.332	0.339	0.058	5.679	0.000	Accepted

Source: Processed by Researchers (2025)

From Table 9 above, it can be concluded that: the P-Values for the relationship between Financial Literacy and Education Level are 0.000, which is less than 0.05, and the original sample is positive, indicating a significant positive influence between the two variables. Furthermore, the P-Values between Education Level and Insurance Literacy are also recorded at 0.000, and the original sample has a positive value, indicating a significant positive effect on these variables. The relationship between Financial Literacy and Insurance Literacy shows a P-Value of 0.020, and the original sample has a positive value, which means there is a significant positive effect. Finally, the effect of Financial Literacy on Insurance Literacy mediated by Education Level has a P-Value of 0.000, and the original sample has a positive value, so it can be concluded that the mediation plays a positive role in this research model.

Discussion

The Relationship between Financial Literacy and Insurance Literacy

The results of this study reveal that financial literacy has a significant effect on insurance literacy. There is a significant positive relationship between financial literacy and insurance literacy among Gen Z women, as a good understanding of finance equips them with the ability to choose the right insurance products, thereby minimizing future financial risks and improving their financial well-being. Understanding financial products related to financial literacy helps Gen Z understand various financial products and services, including insurance. This enables them to recognize the function and benefits of insurance in protecting against unexpected risks.

Understanding financial products related to financial literacy helps Gen Z understand various financial products and services, including insurance. This enables them to recognize the functions and benefits of insurance in protecting against unexpected risks. Risk management in financial knowledge helps Gen Z manage risks, one of which is financial risk. With good financial literacy, they will be more aware of the importance of insurance as a tool to mitigate these risks. Making the right decisions with a deeper understanding of financial products, including insurance, enables Gen Z women to make smarter decisions that align with their financial needs and goals, such as minimizing future risks. This finding is supported by (Apriani et al., 2025), which emphasizes that financial literacy is one of the determinants of increased interest among young people, especially women, in insurance. Access to more open financial information makes young people more aware that insurance is not just a burden, but a form of protection that is needed in life. Findings from (El Maza, 2017) also state that people's understanding of finance has a direct impact on their ability to recognize and assess the benefits of insurance products through insurance literacy. With literacy skills, a person not only knows the benefits, but is also able to sort out which insurance products are suitable for them, especially the younger generation.

The Relationship between Financial Literacy and Education Level

Higher levels of education are generally positively associated with better financial literacy. There is a positive and significant relationship between financial literacy and the level of education of Gen Z women, because higher education can improve understanding of financial concepts and money management skills, thereby encouraging better financial management behavior. Thus, Gen Z women with higher education tend to have better financial literacy and make wiser financial decisions. Education improves financial understanding. A higher level of education equips individuals with a better understanding of financial concepts and instruments. This helps Gen Z women learn how to budget, understand how to save, invest, and avoid excessive debt. Improving financial management skills through good financial literacy, which is obtained through education, enables Gen Z women to have greater wisdom and responsibility in making personal financial decisions. They become more skilled at controlling their spending and making financial plans for the future. By practicing responsible financial behavior with adequate understanding, Gen Z women will be more cautious and savvy in utilizing financial services. This also helps them avoid uncontrolled consumerist behavior. These results are in line with (Yanti et al., 2024), which states that low financial literacy among Gen Z is closely related to limited formal financial education. Many have not gained a structural understanding of finance, resulting in a lack of awareness of financial protection products such as insurance. Findings from (Hidayah et al., 2024) reveal that education is one of the factors contributing to the level of financial and insurance literacy among young people, both male and female. Individuals with higher education tend to have broader access to information and the ability to filter it critically so that they can understand the function of insurance.

The Relationship between Education Level and Insurance Literacy

The level of education has also been proven to significantly affect insurance literacy. The level of education has also been proven to have a significant effect on insurance literacy. There is a significant positive correlation between the level of education and insurance literacy among Generation Z women. The higher the level of education attained by Generation Z women, the better their understanding of financial concepts, including insurance, enabling them to better plan for their financial future and make wiser decisions. Understanding financial concepts at higher levels of education equips Gen Z women with knowledge about various financial products, including insurance, so they can understand their benefits and risks. With the ability to make decisions based on better knowledge gained from education, they are better able to

make mature financial decisions, including choosing insurance products that suit their needs. Financial independence at a high level of financial literacy, including insurance literacy, empowers Gen Z women to have control over their finances and achieve financial independence. These findings are in line with (Darwin & Gularso, 2024; Kadoya et al., 2022), which state that Gen Z women have a fairly good level of education, but this does not automatically make them aware of the importance of insurance. This indicates a gap between the general knowledge provided by education and the practical understanding needed for financial protection, meaning that the insurance literacy of the younger generation is influenced by their level of education.

The Relationship between Financial Literacy and Insurance Literacy through the Mediation of Education Level

The study's results show that education level mediates the relationship between financial literacy and insurance literacy. There is a positive and significant relationship between financial literacy and insurance literacy, which can be mediated by education level, where higher education tends to increase financial literacy, which in turn positively influences a person's understanding and decisions regarding insurance, including increased demand for or use of insurance. In other words, education serves as a bridge that strengthens understanding of insurance products, so that people with better education are better able to utilize insurance to achieve their financial goals. The level of education as a foundation for higher education equips a person with a better understanding of financial and insurance concepts. This creates a strong foundation for financial literacy. The influence on insurance understanding and decisions in good financial literacy then affects a person's insurance literacy. A person with strong financial literacy will better understand the benefits and risks of insurance products and be better able to make informed decisions about insurance. This significant positive relationship indicates that the higher the level of education, the higher the financial literacy and insurance literacy, creating a mutually reinforcing positive effect. According to (Maulida et al., 2022), an individual's financial behavior in making investment decisions, including insurance, is determined by a combination of literacy and the capacity to understand information, which usually develops from education. Education provides structure to understanding, so that information obtained from financial literacy can be better interpreted. Meanwhile, (Maduwinarti, 2023) argues that even if someone has high financial literacy, the impact will be more pronounced when there is environmental influence, such as opinion leaders, who usually also come from highly educated circles.

CONCLUSION AND SUGGESTION

This study is a quantitative causal study that discusses Gen Z women's insurance literacy and financial literacy factors and the mediation of education level. These simultaneous results indicate that the variables in the study play a significant role in insurance literacy among Gen Z women, particularly in Bekasi Regency. The hypothesis results of the study found that financial literacy directly and significantly influences insurance literacy, and educational level directly and significantly influences insurance literacy. Additionally, financial literacy directly and significantly influences educational level, and educational level mediates the relationship between financial literacy and insurance literacy.

The theoretical contribution is that education, financial literacy, and insurance literacy empower Gen Z women to achieve long-term financial stability. Education develops decision-making skills: a good education generally improves analytical and problem-solving skills, which are important for making smart and strategic financial decisions. Wise Money Management: knowledge about budgeting, savings, investments, and spending enables Gen Z to manage their finances well, avoid wastefulness, and achieve long-term financial stability.

Protection from risk: understanding the concept of insurance helps Gen Z protect themselves from various economic risks and unexpected events that can deplete their assets and financial resources.

The practical implications in the context of financial behavior are not behavioral finance, but rather personal behavior, not behavioral finance in the general and large cluster segment. Financial literacy and education contribute to insurance literacy by increasing consumers' understanding of financial risks, helping them choose appropriate insurance products, encouraging participation in insurance products for financial planning purposes, and reducing distrust of the insurance industry through transparent and context-appropriate education. With this understanding, people can make wiser decisions, reduce financial risk, and better prepare for the future through insurance instruments. Financial literacy teaches consumers how to manage risk and return, which helps them understand how insurance works as a tool to protect against unexpected financial losses. The role of education in insurance and actuarial science is important in translating complex insurance concepts into easy-to-understand language, so that more people can access and understand important information about insurance products.

Recommendations for future researchers on financial literacy and insurance literacy education include deepening studies on the effects of insurance Education interventions, analyzing the impact of demographic factors on insurance literacy, researching the relationship between insurance literacy levels and actual insurance behavior, exploring the role of technology in improving insurance literacy, and examining the comparative effectiveness of various insurance Education methods. Limitations of the first study include the fact that the research sample consisted of Gen Z women in Bekasi Regency, as well as the cross-sectional nature of the data in 2025.

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