Despite steady economic growth and an expanding financial services sector, Malaysia still has low penetration of financial protection products, leaving people vulnerable to significant financial risk. This ongoing underinsurance suggests that traditional rational-choice explanations are unable to explain consumer decision-making in financial protection. To address this gap, the current study explores the impact of financial literacy and customer perception on purchase intention for financial protection products in Malaysia, with a focus on persuasion as a mediating mechanism. Using the Elaboration Likelihood Model (ELM) and insights from neuromarketing and behavioral finance, the study advances a comprehensive behavioral framework that captures both cognitive appraisal and subconscious influence on financial decision-making.

Using a quantitative research design, data were obtained from Malaysian consumers via a structured questionnaire and processed with SPSS and SmartPLS. Partial Least Squares Structural Equation Modeling (PLS-SEM) was used to evaluate measurement validity, structural linkages, and mediation effects. The model considers financial literacy, perception, trust in financial institutions, social influence, risk aversion, and perceived value to be important predictors of purchase intention.

The findings show that financial literacy and perception have a significant and favorable impact on purchase intentions for financial protection goods. Trust, perceived value, social influence, and risk aversion all provide significant explanatory power, demonstrating that financial protection decisions are influenced by both logical and behavioral factors. Importantly, persuasion was found to strongly influence the links between financial literacy, perception, and purchase intention, implying that persuasive communication is essential for transforming financial knowledge and perceptions into actionable intent. This demonstrates the strategic importance of neuromarketing ideas in financial services marketing.

This study provides a significant theoretical contribution by applying the ELM to the financial protection sector and empirically establishing persuasion as a key behavioral mechanism. Practically speaking, the findings have significant implications for politicians, financial institutions, and educators, emphasizing the importance of boosting financial literacy campaigns and implementing ethically informed persuasive techniques. Finally, this study provides strong empirical evidence to encourage more effective financial protection communication in Malaysia, helping to improve financial resilience and consumer well-being.