

Educational Factors Associated with the Use of Banking Services among Beninese

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Abstract: This study investigate whether educated Beninese utilize more banking services (N=73,086). Our results suggest that more educated Beninese are more likely to utilize banking services. Quantitatively, an additional year of education in Benin leads to a 2.4 percentage points rise in the probability of Beninese using banking services, completing primary schooling increases the probability of Beninese using banking services by 14.5 percentage points, and completing secondary schooling increases the probability of Beninese using banking services by 29.4 percentage points.

Keywords: Education; Benin; Banking Utilization.

1. Introduction

Banks are important in Benin for offering services to Beninese people. However, the banking utilization in Benin is still very low. Hence, policymakers in Benin are seeking ways to improve Beninese banking utilization.

This study investigate whether educated Beninese utilize more banking services (N=73,086). The data is taken from the Benin Demographic and Health Surveys (DHS-BEN). Regression framework with DHS-BEN data is employed. The independent is Beninese education. The outcome is Beninese banking utilization. Focused on DHS-BEN sample of 73,086 Beninese, we contribute to the literature concerning the Beninese banking-education relationship across Benin.

Our results suggest that more educated Beninese are more likely to utilize banking services. Quantitatively, an additional year of education in Benin leads to a 2.4 percentage points rise in the probability of Beninese using banking services, completing primary schooling increases the probability of Beninese using banking services by 14.5 percentage points, and completing secondary schooling increases the probability of Beninese using banking services by 29.4 percentage points.

2. Method

Using information from Benin Demographic and Health Surveys (DHS-BEN), we investigate whether educated Beninese utilize more banking services. DHS-BEN records detailed data on Beninese population. Multiple Beninese attributes are provided in DHS-BEN. Regression framework with DHS-BEN data is employed. The independent is Beninese education. The outcome is Beninese banking utilization.

Table 1: Beninese Descriptive Statistics

	Mean (1)	SD (2)	N (3)
Beninese Banking Utilization	0.146	0.354	73086
Beninese Primary School	0.319	0.466	73086
Beninese Secondary School	0.086	0.280	73086
Beninese Education	3.228	4.619	73086
Beninese Male	0.457	0.498	73086
Beninese Age	38.233	16.105	73086
Beninese in Rural Areas	0.575	0.494	73086
Beninese Currently Married	0.720	0.449	73086
Beninese Household Head	0.421	0.494	73086

Table 1 presents the descriptive statistics of our DHS-BEN sample. The sample includes around 73,086 Beninese respondents. The average share of Beninese using banking services is 0.146. The share of Beninese completing primary schooling in DHS-BEN is 0.319. The share of Beninese completing secondary schooling in DHS-BEN is 0.086. The average DHS-BEN educational attainment is 3.228 years. The Beninese male fraction is 0.457. The average age of Beninese respondents is 38.233. The fraction of Beninese living in rural areas is 0.575. The share of married Beninese is 0.720. The share of DHS-BEN respondents being household head is 0.421.

To investigate whether educated Beninese utilize more banking services, we estimate the following regression (N=73,086),

$$Y_{ist} = \beta_0 + \beta_1 Edu_{ist} + X'_{ist} \Omega + \epsilon_{ist}$$

where i , s , and t refer to Beninese individuals, DHS-BEN residential cluster, and DHS-BEN survey date. Y_{ist} is Beninese banking utilization.

Edu_{ist} is Beninese educational year, Beninese completing primary schooling, and Beninese completing secondary schooling. X'_{ist} includes Beninese age, squared-age, gender, whether Beninese respondent is married, whether Beninese respondent is in rural areas, whether Beninese respondent is household head, Beninese birth year fixed effects, DHS-BEN residential cluster fixed effects, DHS-BEN survey date fixed effects. ϵ_{ist} is the error term.

The coefficient β_1 is the effects of education on Beninese banking utilization. Simply put, β_1 depicts the difference in banking utilization of Beninese living in the same neighborhood but differing in education.

3. Findings and Discussions

Beninese Education - The effects of Beninese education on banking utilization in DHS-BEN is in Table 2. Column 1, where only Beninese education is included, depicts the effects of Beninese education on banking utilization in DHS-BEN. We find that an additional year of education in Benin leads to a 3.2 percentage points rise in the probability of Beninese using banking services.

This estimate is simply a correlation between banking utilization and Beninese education in DHS-BEN, while factors in DHS-BEN are not included. Hence, we include Beninese features and DHS-BEN temporal-spatial fixed effects. Evident from Column 3, we find that an additional year of education in Benin leads to a 2.4 percentage points rise in the probability of Beninese using banking services.

Table 2: Beninese Education

	(1)	(2)	(3)
Beninese Education	0.032*** (0.000)	0.032*** (0.000)	0.024*** (0.000)
Observations	73086	73086	73086
Cluster FE	.	.	X
Characteristics	.	X	X

Beninese Primary Schooling - The effects of Beninese primary education on banking utilization in DHS-BEN is in Table 3. Column 1, where only Beninese primary education is included, depicts the effects of Beninese primary education on banking utilization in DHS-BEN. We find that completing primary schooling increases the probability of Beninese using banking services by 24.5 percentage points.

This estimate is simply a correlation between banking utilization and Beninese primary education in DHS-BEN, while factors in DHS-BEN are not included. Hence, we include Beninese features and DHS-BEN temporal-spatial fixed effects. Evident from Column 3, we find that completing primary schooling increases the probability of Beninese using banking services by 14.5 percentage points.

Table 3: Beninese Primary Schooling

	(1)	(2)	(3)
Beninese Primary	0.245*** (0.003)	0.230*** (0.003)	0.145*** (0.003)
Observations	73086	73086	73086
Cluster FE	.	.	X
Characteristics	.	X	X

Beninese Secondary Schooling - The effects of Beninese secondary education on banking utilization in DHS-BEN is in Table 4. Column 1, where only Beninese secondary education is included, depicts the effects of Beninese secondary education on banking utilization in DHS-BEN. We find that completing secondary schooling increases the probability of Beninese using banking services by 45.7 percentage points.

This estimate is simply a correlation between banking utilization and Beninese secondary education in DHS-BEN, while factors in DHS-BEN are not included. Hence, we include Beninese features and DHS-BEN temporal-spatial fixed effects. Evident from Column 3, we find that completing secondary schooling increases the probability of Beninese using banking services by 29.4 percentage points.

Table 4: Beninese Secondary Schooling

	(1)	(2)	(3)
Beninese Secondary	0.457*** (0.004)	0.412*** (0.004)	0.294*** (0.004)
Observations	73086	73086	73086
Cluster FE	.	.	X
Characteristics	.	X	X

4. Conclusion

Banks are important in Benin for offering services to Beninese people. However, the banking utilization in Benin is still very low. Hence, policymakers in Benin are seeking ways to improve Beninese banking utilization. This study investigate whether educated Beninese utilize more banking services (N=73,086). The data is taken from the Benin Demographic and Health Surveys (DHS-BEN). Regression framework with DHS-BEN data is employed. The independent is Beninese education. The outcome is Beninese banking utilization. Focused on DHS-BEN sample of 73,086 Beninese, we contribute to the literature concerning the Beninese banking-education relationship across Benin.

Our results suggest that more educated Beninese are more likely to utilize banking services. Quantitatively, an additional year of education in Benin leads to a 2.4 percentage points rise in the probability of Beninese using banking services, completing primary schooling increases the probability of Beninese using banking services by 14.5 percentage points, and completing secondary schooling increases the probability of Beninese using banking services by 29.4 percentage points.

The results are related to research on factors affecting Beninese well-being. For example, food shortage and violence in Benin cause to poor survival rates; extreme temperature and precipitation in Benin worsen living standard; education, nutrition, and land programs improve Beninese wellbeing; measures to diseases in Benin also affect wellbeing (Hang et al., 2020a, 2020b; Le, 2020a, 2020b, 2020c).

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