

# Educational Predictors of Dominican Banking Services Utilization

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**Abstract:** This study investigate whether educated Dominicans utilize more banking services (N=104,439). Our results suggest that more educated Dominican are more likely to utilize banking services. Quantitatively, an additional year of education in Dominican Republic leads to a 2.0 percentage points rise in the probability of Dominican using banking services, completing primary schooling increases the probability of Dominican using banking services by 11.3 percentage points, and completing secondary schooling increases the probability of Dominican using banking services by 16.3 percentage points.

**Keywords:** Education; Dominican Republic; Banking Utilization.

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## 1. Introduction

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

This study investigate whether educated Dominicans utilize more banking services (N=104,439). The data is taken from the Dominican Republic Demographic and Health Surveys (DHS-DOM). Regression framework with DHS-DOM data is employed. The independent is Dominican education. The outcome is Dominican banking utilization. Focused on DHS-DOM sample of 104,439 Dominicans, we contribute to the literature concerning the Dominican banking-education relationship across Dominican Republic.

Our results suggest that more educated Dominican are more likely to utilize banking services. Quantitatively, an additional year of education in Dominican Republic leads to a 2.0 percentage points rise in the probability of Dominican using banking services, completing primary schooling increases the probability of Dominican using banking services by 11.3 percentage points, and completing secondary schooling increases the probability of Dominican using banking services by 16.3 percentage points.

## 2. Method

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

Table 1: Dominican Descriptive Statistics

	Mean (1)	SD (2)	N (3)
Dominican Banking Utilization	0.259	0.438	104439
Dominican Primary School	0.647	0.478	104439
Dominican Secondary School	0.246	0.431	104439
Dominican Education	7.100	4.904	104439
Dominican Male	0.496	0.500	104439
Dominican Age	40.719	17.282	104439
Dominican in Rural Areas	0.440	0.496	104439
Dominican Currently Married	0.173	0.378	104439
Dominican Household Head	0.448	0.497	104439

Table 1 presents the descriptive statistics of our DHS-DOM sample. The sample includes around 104,439 Dominican respondents. The average share of Dominican using banking services is 0.259. The share of Dominican completing primary schooling in DHS-DOM is 0.647. The share of Dominican completing secondary schooling in DHS-DOM is 0.246. The average DHS-DOM educational attainment is 7.100 years. The Dominican male fraction is 0.496. The average age of Dominican respondents is 40.719. The fraction of Dominican living in rural areas is 0.440. The share of married Dominican is 0.173. The share of DHS-DOM respondents being household head is 0.448.

To investigate whether educated Dominicans utilize more banking services, we estimate the following regression (N=104,439),

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

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

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

The coefficient  $\beta_1$  is the effects of education on Dominican banking utilization. Simply put,  $\beta_1$  depicts the difference in banking utilization of Dominican living in the same neighborhood but differing in education.

### 3. Findings and Discussions

Dominican Education - The effects of Dominican education on banking utilization in DHS-DOM is in Table 2. Column 1, where only Dominican education is included, depicts the effects of Dominican education on banking utilization in DHS-DOM. We find that an additional year of education in Dominican Republic leads to a 3.0 percentage points rise in the probability of Dominican using banking services.

This estimate is simply a correlation between banking utilization and Dominican education in DHS-DOM, while factors in DHS-DOM are not included. Hence, we include Dominican features and DHS-DOM temporal-spatial fixed effects. Evident from Column 3, we find that an additional year of education in Dominican Republic leads to a 2.0 percentage points rise in the probability of Dominican using banking services.

Table 2: Dominican Education

	(1)	(2)	(3)
Dominican Education	0.030*** (0.000)	0.028*** (0.000)	0.020*** (0.000)
Observations	104439	104439	104439
Cluster FE	.	.	X
Characteristics	.	X	X

Dominican Primary Schooling - The effects of Dominican primary education on banking utilization in DHS-DOM is in Table 3. Column 1, where only Dominican primary education is included, depicts the effects of Dominican primary education on banking utilization in DHS-DOM. We find that completing primary schooling increases the probability of Dominican using banking services by 21.3 percentage points.

This estimate is simply a correlation between banking utilization and Dominican primary education in DHS-DOM, while factors in DHS-DOM are not included. Hence, we include Dominican features and DHS-DOM temporal-spatial fixed effects. Evident from Column 3, we find that completing primary schooling increases the probability of Dominican using banking services by 11.3 percentage points.

Table 3: Dominican Primary Schooling

	(1)	(2)	(3)
Dominican Primary	0.213*** (0.003)	0.182*** (0.003)	0.113*** (0.003)
Observations	104439	104439	104439
Cluster FE	.	.	X
Characteristics	.	X	X

Dominican Secondary Schooling - The effects of Dominican secondary education on banking utilization in DHS-DOM is in Table 4. Column 1, where only Dominican secondary education is included, depicts the effects of Dominican secondary education on banking utilization in DHS-DOM. We find that completing

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secondary schooling increases the probability of Dominican using banking services by 29.1 percentage points.

This estimate is simply a correlation between banking utilization and Dominican secondary education in DHS-DOM, while factors in DHS-DOM are not included. Hence, we include Dominican features and DHS-DOM temporal-spatial fixed effects. Evident from Column 3, we find that completing secondary schooling increases the probability of Dominican using banking services by 16.3 percentage points.

Table 4: Cameroonian Secondary Schooling

	(1)	(2)	(3)
Dominican Secondary	0.291*** (0.003)	0.244*** (0.003)	0.163*** (0.003)
Observations	104439	104439	104439
Cluster FE	.	.	X
Characteristics	.	X	X

## 4. Conclusion

Banks are important in Dominican Republic for offering services to Dominican people. However, the banking utilization in Dominican Republic is still very low. Hence, policymakers in Dominican Republic are seeking ways to improve Dominican banking utilization. This study investigate whether educated Dominicans utilize more banking services (N=104,439). The data is taken from the Dominican Republic Demographic and Health Surveys (DHS-DOM). Regression framework with DHS-DOM data is employed. The independent is Dominican education. The outcome is Dominican banking utilization. Focused on DHS-DOM sample of 104,439 Dominicans, we contribute to the literature concerning the Dominican banking-education relationship across Dominican Republic.

Our results suggest that more educated Dominican are more likely to utilize banking services. Quantitatively, an additional year of education in Dominican Republic leads to a 2.0 percentage points rise in the probability of Dominican using banking services, completing primary schooling increases the probability of Dominican using banking services by 11.3 percentage points, and completing secondary schooling increases the probability of Dominican using banking services by 16.3 percentage points.

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

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