

Higher Education Increases the Probability of Angolan Utilizing Banking Services

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Abstract: This study investigate whether educated Angolans utilize more banking services (N=31,480). Our results suggest that more educated Angolan are more likely to utilize banking services. Quantitatively, an additional year of education in Angola leads to a 3.1 percentage points rise in the probability of Angolan using banking services, completing primary schooling increases the probability of Angolan using banking services by 20.1 percentage points, and completing secondary schooling increases the probability of Angolan using banking services by 20.6 percentage points.

Keywords: Education; Angola; Banking Utilization

Introduction

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

This study investigate whether educated Angolans utilize more banking services (N=31,480). The data is taken from the Angola Demographic and Health Surveys (DHS-AGO). Regression frame work with DHS-AGO data is employed. The independent is Angolan education. The outcome is Angolan banking utilization. Focused on DHS-AGO sample of 31,480 Angolans, we contribute to the literature concerning the Angolan banking-education relationship across Angola.

Our results suggest that more educated Angolan are more likely to utilize banking services. Quantitatively, an additional year of education in Angola leads to a 3.1 percentage points rise in the probability of Angolan using banking services, completing primary schooling increases the probability of Angolan using banking services by 20.1 percentage points, and completing secondary schooling increases the probability of Angolan using banking services by 20.6 percentage points.

Data

Using information from Angola Demographic and Health Surveys (DHS-AGO), we investigate whether educated Angolans utilize more banking services. DHS-AGO records detailed data on Angolan population.

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Multiple Angolan attributes are provided in DHS-AGO. Regression framework with DHS-AGO data is employed. The independent is Angolan education. The outcome is Angolan banking utilization.

Table 1: Angolan Descriptive Statistics

| | Mean | SD | N |
|-----------------------------|--------|--------|-------|
| | (1) | (2) | (3) |
| Angolan Banking Utilization | 0.421 | 0.494 | 31480 |
| Angolan Primary School | 0.517 | 0.500 | 31480 |
| Angolan Secondary School | 0.137 | 0.344 | 31480 |
| Angolan Education | 5.297 | 4.659 | 31480 |
| Angolan Male | 0.447 | 0.497 | 31480 |
| Angolan Age | 37.199 | 15.848 | 31480 |
| Angolan in Rural Areas | 0.411 | 0.492 | 31480 |
| Angolan Currently Married | 0.603 | 0.489 | 31480 |
| Angolan Household Head | 0.487 | 0.500 | 31480 |

Table 1 presents the descriptive statistics of our DHS-AGO sample. The sample includes around 31,480 Angolan respondents. The average share of Angolan using banking services is 0.421. The share of Angolan completing primary schooling in DHS-AGO is 0.517. The share of Angolan completing secondary schooling in DHS-AGO is 0.137. The average DHS-AGO educational attainment is 5.297 years. The Angolan male fraction is 0.447. The average age of Angolan respondents is 37.199. The fraction of Angolan living in rural areas is 0.411. The share of married Angolan is 0.603. The share of DHS-AGO respondents being household head is 0.487.

Empirical Design

To investigate whether educated Angolans utilize more banking services, we estimate the following regression (N=31,480),

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

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

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

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

Results

Angolan Education- The effects of Angolan education on banking utilization in DHS-AGO is in Table 2. Column 1, where only Angolan education is included, depicts the effects of Angolan education on banking

utilization in DHS-AGO. We find that an additional year of education in Angola leads to a 5.6percentage points rise in the probability of Angolan using banking services.

This estimate is simply a correlation between banking utilization and Angolan education in DHS-AGO, while factors in DHS-AGO are not included. Hence, we include Angolan features and DHS-AGO temporal-spatial fixed effects. Evident from Column 3, we find that an additional year of education in Angola leads to a 3.1 percentage points rise in the probability of Angolan using banking services.

Table 2: Angolan Education

| | (1) | (2) | (3) |
|-------------------|---------------------|---------------------|---------------------|
| Angolan Education | 0.056*** (0.001) | 0.044*** (0.001) | 0.031*** (0.001) |
| Observations | 31480 | 31480 | 31480 |
| Cluster FE | . | . | X |
| Characteristics | . | X | X |

Angolan Primary Schooling- The effects of Angolan primary education on banking utilization in DHS-AGO is in Table 3. Column 1, where only Angolan primary education is included, depicts the effects of Angolan primary education on banking utilization in DHS-AGO. We find that completing primary schooling increases the probability of Angolan using banking services by 44.6percentage points.

This estimate is simply a correlation between banking utilization and Angolan primary education in DHS-AGO, while factors in DHS-AGO are not included. Hence, we include Angolan features and DHS-AGO temporal-spatial fixed effects. Evident from Column 3, we find that completing primary schooling increases the probability of Angolan using banking services by 20.1percentage points.

Table 3: Angolan Primary Schooling

| | (1) | (2) | (3) |
|-----------------|---------------------|---------------------|---------------------|
| Angolan Primary | 0.446*** (0.005) | 0.319*** (0.006) | 0.201*** (0.006) |
| Observations | 31480 | 31480 | 31480 |
| Cluster FE | . | . | X |
| Characteristics | . | X | X |

Angolan Secondary Schooling - The effects of Angolan secondary education on banking utilization in DHS-AGO is in Table 4. Column 1, where only Angolan secondary education is included, depicts the effects of Angolan secondary education on banking utilization in DHS-AGO. We find that completing secondary schooling increases the probability of Angolan using banking services by 52.0percentage points.

This estimate is simply a correlation between banking utilization and Angolan secondary education in DHS-AGO, while factors in DHS-AGO are not included. Hence, we include Angolan features and DHS-AGO temporal-spatial fixed effects. Evident from Column 3, we find that completing secondary schooling increases the probability of Angolan using banking services by 20.6percentage points.

Table 4: Angolan Secondary Schooling

| | (1) | (2) | (3) |
|-------------------|---------------------|---------------------|---------------------|
| Angolan Secondary | 0.520*** (0.008) | 0.348*** (0.007) | 0.206*** (0.007) |
| Observations | 31480 | 31480 | 31480 |
| Cluster FE | . | . | X |
| Characteristics | . | X | X |

Conclusion

Banks are important in Angola for offering services to Angolan people. However, the banking utilization in Angola is still very low. Hence, policymakers in Angola are seeking ways to improve Angolan banking utilization. This study investigate whether educated Angolans utilize more banking services (N=31,480). The data is taken from the Angola Demographic and Health Surveys (DHS-AGO). Regression framework with DHS-AGO data is employed. The independent is Angolan education. The outcome is Angolan banking utilization. Focused on DHS-AGO sample of 31,480 Angolans, we contribute to the literature concerning the Angolan banking-education relationship across Angola.

Our results suggest that more educated Angolan are more likely to utilize banking services. Quantitatively, an additional year of education in Angola leads to a 3.1 percentage points rise in the probability of Angolan using banking services, completing primary schooling increases the probability of Angolan using banking services by 20.1 percentage points, and completing secondary schooling increases the probability of Angolan using banking services by 20.6 percentage points.

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

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