



Using Bank Services And Education: A Preliminary Study In Albania

Kien Le Ho Chi Minh City Open University Email: kien.le.int@gmail.com

Abstract: This study investigate whether educated Albanians utilize more banking services (N=63,150). Our results suggest that more educated Albanian are more likely to utilize banking services. Quantitatively, an additional year of education in Albania leads to a 2.0 percentage points rise in the probability of Albanian using banking services, completing primary schooling increases the probability of Albanian using banking services by 5.9 percentage points, and completing secondary schooling increases the probability of Albanian using banking services by 17.7 percentage points.

Keywords: Education; Albania; Banking Utilization

Introduction

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

This study investigate whether educated Albanians utilize more banking services (N=63,150). The data is taken from the Albania Demographic and Health Surveys (DHS-ALB). Regression framework with DHS-ALB data is employed. The independent is Albanian education. The outcome is Albanian banking utilization. Focused on DHS-ALB sample of 63,150 Albanians, we contribute to the literature concerning the Albanian banking-education relationship across Albania.

Our results suggest that more educated Albanian are more likely to utilize banking services. Quantitatively, an additional year of education in Albania leads to a 2.0 percentage points rise in the probability of Albanian using banking services, completing primary schooling increases the probability of Albanian using banking services by 5.9 percentage points, and completing secondary schooling increases the probability of Albanian using banking services by 17.7 percentage points.

Data

Using information from Albania Demographic and Health Surveys (DHS-ALB), we investigate whether educated Albanians utilize more banking services. DHS-ALB records detailed data on Albanian population. Multiple Albanian attributes are provided in DHS-

ALB. Regression framework with DHS-ALB data is employed. The independent is Albanian education. The outcome is Albanian banking utilization.

Table 1: Albanian Descriptive Statistics			
	Mean	SD	N
	(1)	(2)	(3)
Albanian Banking Utilization	0.389	0.488	63150
Albanian Primary School	0.874	0.332	63150
Albanian Secondary School	0.457	0.498	63150
Albanian Education	10.827	5.016	63150
Albanian Male	0.484	0.500	63150
Albanian Age	47.641	17.730	63150
Albanian in Rural Areas	0.499	0.500	63150
Albanian Currently Married	0.733	0.442	63150
Albanian Household Head	0.376	0.484	63150

Table 1 presents the descriptive statistics of our DHS-ALB sample. The sample includes around 63,150 Albanian respondents. The average share of Albanian using banking services is 0.389. The share of Albanian completing primary schooling in DHS-ALB is 0.874. The share of Albanian completing secondary schooling in DHS-ALB is 0.457. The average DHS-ALB educational attainment is 10.827 years. The Albanian male fraction is 0.484. The average age of Albanian respondents is 47.641. The fraction of Albanian living in rural areas is 0.499. The share of married Albanian is 0.733. The share of DHS-ALB respondents being household head is 0.376.

Empirical Design

To investigate whether educated Albanians utilize more banking services, we estimate the following regression (N=63,150),

where i , s , and t refer to Albanian individuals, DHS-ALB residential cluster, and DHS-ALB survey date. y_{ist} is Albanian banking utilization.

X_{ist} is Albanian educational year, Albanian completing primary schooling, and Albanian completing secondary schooling. Z_{ist} includes Albanian age, squared-age, gender, whether Albanian respondent is married, whether Albanian respondent is in rural areas, whether Albanian respondent is household head, Albanian birth year fixed effects, DHS-ALB residential cluster fixed effects, DHS-ALB survey date fixed effects. ϵ_{ist} is the error term.

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

Results

Albanian Education - The effects of Albanian education on banking utilization in DHS-ALB is in Table 2. Column 1, where only Albanian education is included, depicts the effects of Albanian education on banking utilization in DHS-ALB. We find that an additional year of education in Albania leads to a 2.9 percentage points rise in the probability of Albanian using banking services.

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

Table 2: Albanian Education			
	(1)	(2)	(3)
Albanian Education	0.029***	0.024***	0.020***
	(0.000)	(0.000)	(0.000)
Observations	63150	63150	63150
Cluster FE	.	.	X
Characteristics	.	X	X

Albanian Primary Schooling - The effects of Albanian primary education on banking utilization in DHS-ALB is in Table 3. Column 1, where only Albanian primary education is included, depicts the effects of Albanian primary education on banking utilization in DHS-ALB. We find that completing primary schooling increases the probability of Albanian using banking services by 18.0 percentage points.

This estimate is simply a correlation between banking utilization and Albanian primary education in DHS-ALB, while factors in DHS-ALB are not included. Hence, we include Albanian features and DHS-ALB temporal-spatial fixed effects. Evident from Column 3, we find that completing primary schooling increases the probability of Albanian using banking services by 5.9 percentage points.

Table 3: Albanian Primary Schooling			
	(1)	(2)	(3)
Albanian Primary	0.180***	0.108***	0.059***

	(0.006)	(0.007)	(0.006)
Observations	63150	63150	63150
Cluster FE	.	.	X
Characteristics	.	X	X

Albanian Secondary Schooling - The effects of Albanian secondary education on banking utilization in DHS-ALB is in Table 4. Column 1, where only Albanian secondary education is included, depicts the effects of Albanian secondary education on banking utilization in DHS-ALB. We find that completing secondary schooling increases the probability of Albanian using banking services by 29.1 percentage points.

This estimate is simply a correlation between banking utilization and Albanian secondary education in DHS-ALB, while factors in DHS-ALB are not included. Hence, we include Albanian features and DHS-ALB temporal-spatial fixed effects. Evident from Column 3, we find that completing secondary schooling increases the probability of Albanian using banking services by 17.7 percentage points.

Table 4: Albanian Secondary Schooling			
	(1)	(2)	(3)
Albanian Secondary	0.291***	0.227***	0.177***
	(0.004)	(0.004)	(0.004)
Observations	63150	63150	63150
Cluster FE	.	.	X
Characteristics	.	X	X

Conclusion

Banks are important in Albania for offering services to Albanian people. However, the banking utilization in Albania is still very low. Hence, policymakers in Albania are seeking ways to improve Albanian banking utilization. This study investigate whether educated Albanians utilize more banking services (N=63,150). The data is taken from the Albania Demographic and Health Surveys (DHS-ALB). Regression framework with DHS-ALB data is employed. The independent is Albanian education. The outcome is Albanian banking utilization. Focused on DHS-ALB sample of 63,150 Albanians, we contribute to the literature concerning the Albanian banking-education relationship across Albania.

Our results suggest that more educated Albanian are more likely to utilize banking services. Quantitatively, an additional year of education in Albania leads to a 2.0 percentage points rise in the probability of Albanian using banking services, completing primary schooling

increases the probability of Albanian using banking services by 5.9 percentage points, and completing secondary schooling increases the probability of Albanian using banking services by 17.7 percentage points.

The results are related to research on factors affecting Albanian well-being. For example, food shortage and violence in Albania cause to poor survival rates; extreme temperature and precipitation in Albania worsen living standard; education, nutrition, and land programs improve Albanian wellbeing; measures to diseases in Albania also affect wellbeing ([World Health Organization, 2004, 2009, 2013, 2019](#)).

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