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Do parents save more for a daughter or a son? Minorities, cultural norms, and economic incentives

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Do Parents Save More for a Daughter or a Son? Minorities, Cultural Norms, and Economic Incentives

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Abstract

This paper provides empirical evidence of gender disparities in parental savings within a government-sponsored program in Israel, showing that parents allocate more resources to children perceived as future breadwinners. Using detailed administrative data, we exploit differences between Haredi (Ultra-Orthodox Jewish) and Arab populations, which share patriarchal gender norms but face distinct economic incentives regarding the future prospects of girls and boys. Haredi parents, whose daughters are more likely to pursue academic education and participate in the labor force, tend to save more for girls, whereas Arab parents, whose sons are typically the primary earners, save more for boys. Additional administrative and survey data suggest that these patterns appear to be driven by economic incentives rather than patriarchal gender preferences. The findings reveal inequalities in parental savings within designated child savings programs, and the factors driving the inequalities, offering insights to inform policies on program design.

Keywords: Gender bias; culture; savings.
JEL Codes: D14; J16; G51.

האם הורים חוסכים יותר בעבור בת או בן? מיעוטים, נורמות תרבותיות ותמריצים כלכליים

ד"ר מאיה הרן רוזן, מבנק ישראל, ניצה (קלינר) קסיר, ומוריאל מלול, מהמוסד לביטוח לאומי, ופרופ' אורלי שדה, מהאוניברסיטה העברית

המאמר מציג ראיות אמפיריות לפערים מגדריים בדפוסי החיסכון ההורי במסגרת תוכנית חיסכון ממשלתית ייעודית בישראל, "חיסכון לכל ילד", ומדגים כי הורים נוטים להקצות משאבים כספיים רבים יותר לילדים הנתפסים כבעלי פוטנציאל להיות מפרנסים עתידיים. המחקר עושה שימוש במאפייניהן הייחודיים של האוכלוסיות החרדית והערבית בישראל. שתי האוכלוסיות הללו מאופיינות בהטיות מגדריות פטריארכליות אך נבדלות בתמריצים הכלכליים־התרבותיים: בחברה החרדית, שבה השתתפות הגברים בשוק העבודה מוגבלת יחסית ונשים נוטות להשתלב יותר בלימודים אקדמיים, התמריץ הכלכלי נוטה לעודד השקעה בבנות; ואילו בחברה הערבית, שבה הגברים נתפסים כמפרנסים המרכזיים, התמריץ הוא להשקיע בבנים. בהתאם לכך, הממצאים מראים כי הורים חרדים נוטים לחסוך יותר בעבור בנות, בעוד שהורים ערבים חוסכים יותר בעבור בנים. ניתוח נתונים מנהליים בשילוב נתוני סקר מצביע כי דפוסי חיסכון אלה מונעים בעיקר משיקולים כלכליים הנובעים מהשקעה בהון האנושי של המפרנסים העתידיים ולא מהעדפות מגדריות מסורתיות. ממצאים אלו תורמים להבנת המנגנונים המעצבים פערים מגדריים בהתנהגות כלכלית. כמו־כן הם תורמים לדיון הגלובלי בעיצוב תוכניות חיסכון ממשלתיות ויוזמות מדיניות בתחום שוק העבודה אגב הדגשת חשיבות הזיהוי המוקדם של הטיות העלולות להעמיק אי־שוויון מגדרי בטווח הארוך.

1 Introduction

Designated child savings programs (such as 529 plans in the US or the Registered Education Savings Plan in Canada, for example) have recently been gaining global prevalence as they play a crucial role in promoting financial security and literacy from a young age. These programs not only encourage saving habits and financial planning among young individuals but also provide a foundation for future financial stability and empowerment. The main goal of such programs is to reduce inequality and provide children with better access to savings to fund academic attainment and other types of investments. However, if access to or participation in these programs is unequal, it may ultimately reinforce—rather than reduce—existing disparities.

This paper leverages Israel's national child savings program as a unique case study to examine how parents allocate savings among their children. By combining detailed administrative data with variation in children's gender, we disentangle the influence of economic incentives and patriarchal preferences on parental decision-making. Even though the magnitude of these effects is modest, their very presence in a clean and early-life policy setting highlights the powerful role that economic incentives (and patriarchal preferences) can play in shaping behavior. These findings reveal not only how gender favoritism manifests, but also how the design of savings programs can interact with social norms to influence equality and long-term outcomes. The analysis also sheds light on the sources of gender bias and favoritism, demonstrating that economic incentives have the potential to outweigh traditional patriarchal norms.

The issue of favoritism in parental financial transfers and investments in their children is documented in the literature. Most papers find that gender favoritism typically favors boys, although the specific outcomes vary depending on the setting. Yet there is still an open discussion on the origin of gender favoritism, whether it arises primarily from preferences and norms or is significantly influenced by economic incentives and expected returns. (See for example Mishkin, 2021; Jayachandran, 2015; Ongena and Popov, 2016; Duflo, 2012; Jensen, 2012; Light and McGarry, 2004 and Chu, 1991.)

For our investigation we use a unique natural setting. In 2017, the Israeli National Insurance Institute (NII) introduced the *Savings for Every Child Program* (SECP). Under the SECP, the government deposits approximately US$15 (NIS 50 indexed to 2017 prices) per month into a savings account for every Israeli child under the age of 18, with benefits continuing until the age of 21. While defaults are in place, parents have the option to actively participate in the program. They can exercise control over where and how to invest these funds, and they can make an additional monthly deposit of approximately US$15 (in 2017 prices) to the SECP account. Upon reaching the age of 18, children gain unrestricted access to the funds, allowing them to allocate the resources according to their preferences. The program offers tax benefits and government-covered fees, which when

combined with the parents' ability to tailor their level of risk and choose their preferred financial institution, makes the SECP an attractive savings vehicle.

Israel encompasses two significant religious and ethnic minority groups: the *Haredi* (Ultra-Orthodox Jewish) community and the Arab population which constitute approximately 12% and 21% of the 2021 population, respectively (CBS 2022). The *Haredi* population is recognized for its religiously insular nature, featuring unique cultural elements. (See for example Goldfarb and Neuman, 2023, 2020; Lehmann and Siebzehner, 2009.) Within this community, a patriarchal structure is evident, with an intriguing twist: While men primarily concentrate on religious studies, it falls upon the women to assume the responsibility of providing for the household income (hereinafter economic incentive). The Arab population in Israel (which is mainly Muslim) is a religious and ethnic minority, adhering to a patriarchal structure that bears similarities to other minority groups worldwide. Although the distinctive perspective of the *Haredi* community highlights the women's role in providing for the household, both the *Haredi* and Arab populations exhibit a pronounced patriarchal gender bias and a preference for males (hereinafter preferences; see, for example, Ahmed, 2021; Radford, 1999; Lehmann and Siebzehner, 2009; Haddad and Esposito, 2020 and Jayachandran, 2015).

The examination of parents' additional deposits into children's savings accounts within the SECP, is a unique setup to directly investigate parents' decisions with regards to financial investment in children largely free from institutional or informational biases. We focus on a clean setting that captures parental decisions made at the very beginning of a child's life when the child is less than six months old. This early-life window allows us to observe saving choices before children's characteristics, abilities, or parental expectations can meaningfully evolve. In this setting, the child's gender is random, biologically determined, and unrelated to parental characteristics. Additionally, we have information not only on the general population but also on two subgroups that share seemingly similar gender preferences yet face distinct economic incentives. We have detailed data on the entire Israeli population, including these subgroups, all of whom participate in the same program and share identical infrastructure and access to program information. The parental decision to add monthly contributions—even in small amounts—has substantial long-term consequences. A simple simulation shows that saving US$15 per month for 20 years with an interest rate of 4% results in a total of approximately US$5,000 (NIS 16,500), while saving US$30 per month over the same period yields double. This early, transparent decision environment provides a particularly clear setting to study how preferences, norms, and incentives shape parental behavior.

We analyze administrative NII data from January 2020 covering all children in Israel, comprising 2,345,882 observations. Among these, 537,126 are from the Arab population, while 384,916 are from the *Haredi* population.[1] To contextualize the potential for differential treatment, we note that

1. Due to differences in fertility rates, the percentage of minority children is different from their overall percentage in

although such cases represent only a small share of our sample, some households exhibit variation in saving rates across children within the same family. This share is highest among the *Haredi* population (10.5%), followed by the non-*Haredi* Jewish population (6%) and the Arab population (4%). We further examine the interaction between minority affiliation and the gender of the child and its impact on the likelihood of additional savings using logit estimations while controlling for various household attributes, such as income, academic attainment, and family size. In our empirical investigation, we find that *Haredi* parents deposit additional funds for girls while Arab parents deposit additional funds for boys. Specifically, after controlling for households' attributes, regressions show that the rate of savings for girls is 7% higher than for boys in the *Haredi* population and a 5% lower than for boys in the Arab population. For non-*Haredi* Jewish populations, the effect is neither statistically nor economically significant. Although these differences are small in magnitude, they are statistically significant and persist across robust specifications, including within-family comparisons. Their appearance in such a young population and in a program explicitly designed for equality highlights that even subtle incentive structures can lead to meaningful behavioral differences.

We then investigate the mechanisms in detail. Utilizing NII survey data from the inception of the savings program in 2017 and information on mother's academic attainment, we present evidence that parents' expectations for these funds are related to investments in human capital and education. Additionally, we leverage a unique aspect of the *Haredi* population to demonstrate that the marriage market does not directly lead the observed outcomes. Our analysis also indicates that women's economic bargaining power within the household (when women contribute a larger share of income, as discussed in Dizon-Ross and Jayachandran, 2022 and Duflo, 2003), does not seem to affect parents' savings decisions based on the child's gender. This additional evidence strengthens the argument that parents' decisions regarding savings are significantly influenced by considerations related to their children's future economic prospects.

The study shows that, taken together, both economic incentives and patriarchal preferences matter, but incentives can dominate even in highly traditional societies. The *Haredi* population provides a rare opportunity to isolate the role of economic motivations, while the Arab population mirrors the experience of many minority and low–socioeconomic-status groups worldwide. Insights from this setting can therefore inform global policy design by highlighting how inequality may emerge even in programs explicitly intended to reduce it.

The paper proceeds as follows. Section 2 reviews the relevant literature on child savings programs and parental investment behavior by gender. Section 3 describes the institutional background. Section 4 details the data sources and descriptive statistics. Section 5 presents the main empirical results. Section 6 explores the underlying mechanisms using survey evidence and additional

the population.

administrative data. Finally, Section 7 concludes with policy implications and directions for future research.

2 Literature review

2.1 Child savings programs

Savings for children have several implications for economic development and gender inequality. Providing access to funds in young adulthood can have significant direct economic implications throughout the life-cycle. (See for example Zewde, 2023; Brown et al., 2023; Caucutt and Lochner, 2020; Stein and Yannelis, 2020; Lee and Seshadri, 2019 and Loibl, 2017.) Specifically, child savings accounts (or similar child savings facilities such as baby bonds and 529 education savings plans) have been found to have a positive effect on financial behavior and savings in adulthood. (See for example Li, Mitchell, and Zhu, 2023; Zewde, 2020; Huang et al., 2021; Friedline, Nam, and Loke, 2014; Friedline, 2014 and Ashby, Schoon, and Webley, 2011.) Child savings accounts have specifically been found to positively affect academic attainment. (See for example Blumenthal and Shanks, 2019 and Elliott, Destin, and Friedline, 2011.) The effect on academic attainment was found to be greater for low-income minorities and evidence shows that even small amounts of savings can have a strong effect. (See for example Huang et al., 2021 and Elliott, Destin, and Friedline, 2011.) Furthermore, there is an indirect effect from accessing financial institutions and savings accounts at a young age to financial inclusion, financial literacy, and financial behavior. (See for example Huang et al., 2021; Brown, Cookson, and Heimer, 2019; Demirgüç-Kunt and Singer, 2017; Grohmann, Klühs, and Menkhoff, 2018 and Sherraden, 1991.) Given that institutional savings programs often aim to reduce inequality and grant financial access to young adults from lower socioeconomic backgrounds, the potential influence of gender favoritism on savings amounts can exacerbate or mitigate long-term gender disparities.

2.2 Parents' investment in children and gender favoritism

Gender favoritism in parental financial transfers and investments in their children is documented in the literature. (See for example Cuna et al., 2025; Hauff and Hermansson, 2024; Wen, Cheng, and Tani, 2025; Mishkin, 2021; Jayachandran, 2015; Barcellos, Carvalho, and Lleras-Muney, 2014; Ebenstein and Leung, 2010; Bennedsen et al., 2007 and Chu, 1991.) Historically, the practice of bequeathing the entirety of an estate to male children was widespread and continues to be prevalent in many developing societies. (See, for example Kaul, 2018; Chu, 1991; Guinnane, 1992.) However, contemporary evidence suggests that parental gender favoritism persists even in modern developed

countries such as the U.S. (See for example Mishkin, 2021; Bennedsen et al., 2007.) Hence, there is still an open discussion on the origin of gender bias and favoritism, whether it primarily arises from preferences and norms or is significantly influenced by economic incentives and expected returns.[2]

There is evidence suggesting that gender bias is predominantly associated with cultural preferences rather than dependent on local infrastructure and economic opportunities. For instance, Ongena and Popov (2016) provide evidence that gender biases in the use of credit by US immigrant women tend to be more pronounced when gender bias in the country of origin is higher. Alesina, Giuliano, and Nunn, 2013 examine gender preferences and attitudes towards gender roles and demonstrate that they are influenced by historical patterns of women's ability to participate in the labor force. Additionally, other studies indicate that increased control of household income or bargaining power by women is associated with greater investments in girls, highlighting a gender preference. (See for example Dizon-Ross and Jayachandran, 2022; Duflo, 2003 and Qian, 2008.)

There is also a large amount of literature pointing to the importance of economic incentives and expected returns on gender bias and favoritism. Economic incentives can be influenced by various underlying mechanisms that contribute to gender bias. First, in societies with patriarchal cultural and societal structures, males may utilize monetary transfers and inheritance to secure higher expected income than females. (See for example Kaul, 2018; Qian, 2008; Ebenstein and Leung, 2010; Qian, 2008; Chu, 1991.) Within this same patriarchal societal framework, parents might invest more in male children if they are expected to reciprocate monetary support in their parents' older age. (See for example Ebenstein and Leung, 2010; Qian, 2008; Light and McGarry, 2004 and Cox, 1987.) In contrast, care-giving responsibilities, which are typically performed by women, can result in higher transfers for girls. (See for example Loxton, 2019; Light and McGarry, 2004 and Cox, 1987.)

Related to this topic, there is research on patrilocality and matrilocality, which explores where children reside after marriage. Typically, patrilocality where sons tend to stay near their parents is more prevalent, while daughters often relocate to their husband's hometown. This dynamic can influence parents' inclination to invest in their children, as they benefit more when their children live nearby. (See for example Zhao, 2023; Bau, 2021 and Ebenstein, 2021.) Dowries and bride-prices can also impact parents' inclination to invest in their children and their education, as these factors can contribute to securing a more favorable marriage arrangement and a higher bride-price. (See for example Wen, Cheng, and Tani, 2025; Khalifa, 2022; Ashraf et al., 2020; Anderson, 2007; Anderson and Bidner, 2015; Ambrus, Field, and Torero, 2010 and Botticini and Siow, 2003.)

Further evidence from developing countries indicate that parents' level of care for their children responds to changing economic incentives. Jayachandran and Lleras-Muney (2009) and Jensen (2012) and Shrestha and Palaniswamy (2017) find that when girls or boys are faced with better

2. This is also connected to a wider discussion on gender bias in the labor force. (See for example, Ater et al., 2023; Jayachandran et al., 2024; Sherman and Tookes, 2022 and Kessler, Low, and Sullivan, 2019.)

financial prospects later in life, there is an increase in parental care during their childhood, and they are more likely to receive schooling.[3]

Another mechanism related to economic incentives involves parents providing unequal monetary transfers to fund academic attainment. (See for example Kaul, 2018; McGarry, 2016; Wong, 2013 and Loxton, 2019.) For example, Wong (2013) provided evidence of different inter-vivos transfer trends between boys and girls, with larger gifts for boys in South Korea and higher gifting for girls in the United States. This disparity is explained by the need to finance varying levels of education when there are gender-based inequalities in academic attainment.[4]

This paper addresses an instance where cultural preferences and economic incentives point in different directions—an aspect that has received limited attention in the literature. Our setting, Israel's Savings for Every Child Program, provides a unique institutional framework to compare the relative strength of these explanations and to consider additional mechanisms such as mothers' bargaining power, the marriage market, patrilocality and matrilocality, and parental care.

3 Institutional and social background

3.1 SECP

In 2017, the Israeli National Insurance Institute (NII) introduced the Savings for Every Child Program (SECP). The SECP is a unique and program that provides universal savings for all children in the country. Under the SECP, the government deposits approximately US$15 (NIS 50 indexed to 2017) per month into a savings account for every Israeli child under the age of 18 and covers the associated account fees until the child reaches the age of 21. Additionally, capital gains accrued until age 21 are not taxed and bonuses are awarded at age milestones until age 18, totaling approximately US$130. An additional bonus of approximately US$130 is provided if savings remain in the account until the age of 21. While defaults are in place, parents have the option of actively participating in the program. They can exercise control over where and how to invest these funds and make an additional monthly deposit of approximately US$15 to the SECP account. Within approximately six months of the child's birth, parents finalize their SECP investment decision, and thereafter these choices remain largely unchanged. Upon reaching the age of 18, children gain unrestricted access to the funds, allowing them to allocate the resources according to their preferences. Given the

3. Furthermore, there is evidence indicating that economic incentives influence intra-household decision-making between men and women. It appears that cultural preferences still play a significant role in these contexts. (See for example, Paredes et al., 2024 and Hancock, Low, and Lafortune, 2025.)

4. An additional explanation offered in the literature for unequal transfers is that parents may allocate additional funds to children who are in greater need of support due to specific life events. (See for example McGarry, 2016, Dunn and Phillips, 1997.) In this paper, we focus on analyzing savings and transfers to children, and since future life events are unpredictable, they should not significantly impact the outcomes we are examining.

program's tax benefits, government-covered fees and bonuses, and the ability for parents to tailor their level of risk and choose their preferred financial institution, the SECP represents an attractive savings vehicle (Butrica, 2015).

Active enrollment in the SECP program can be done online, via phone, or in person. During the initial implementation of the program, parents actively enrolled for two-thirds of the child accounts and fifty percent chose to deposit additional funds to these accounts. These rates dropped over time but still remain relatively high. As of January 2020, parents chose to deposit additional funds in 49 percent of child accounts. Despite generally high levels of program active enrollment and participation, economically vulnerable households—minority groups and especially the Arab minority tended to engage less with the program, and generally do not deposit additional funds to the account. (See for example Haran Rosen and Sade, 2022b; Haran Rosen et al., 2021 and Berkely, 2019.) The NII investigated and found that parents usually make a decision in the first six months of eligibility in the program before defaults take effect and do not change their savings decisions over time.

The estimated account size at age 18 can range from around US$3,000 around US$20,000 depending on parents' choices (additional deposit and saving track) (Pinto and Gottlieb, 2019). A year of college in Israel costs about US$3,000, meaning estimated funds can cover costs of between 1 and 6 years of tuition. Academic studies in Israel typically begin at age 18, or between the ages of 21 and 24 for those completing mandatory military service, making SECP funds highly relevant for financing higher education.

It should also be noted that in the SECP all parents are subject to the same program, presented with identical choice architectures, and provided with uniform information regarding the program.[5] Choices regarding the savings program are made within six months after a child's birth, a time when parental assessments of children's future capabilities have not yet formed. As such, parents cannot strategically invest based on perceived future success. Therefore, access to information and the economic incentives related to saving in the program are effectively uniform across all parents and children.

3.2 Haredi and Arab populations

There are two significant religious and ethnic minority groups in Israel- the Haredi and the Arab population- each characterized by distinct attributes: The *Haredi* and the Arab populations. The *Haredi* community constitutes approximately 12% of the country's population, and the Arab

5. Information includes an annual letter detailing the status of the savings accounts, and authenticated users can access quarterly data online through the financial institution's website. Additionally, general program information, rather than specific account details, is available through media outlets and publications from the National Insurance Institute (NII).

community accounts for about 21% as of 2021 (CBS, 2022 and Kasir and Dmitri Romanov, 2017.) The *Haredi* population is recognized for its religiously insular nature, featuring unique cultural elements (Gershoni et al., 2023; Goldfarb and Neuman, 2023; Zupnik, 2022; Gordon, 2022; Cahaner, 2020; Kasir, 2018; Kasir and Tsachor-Shai, 2016; Lehmann and Siebzehner, 2009.) Within this community, a patriarchal structure is evident, with an intriguing twist: while men primarily concentrate on religious studies, it falls upon the women to assume the responsibility of providing for the household income. This is a relatively recent shift over the past few decades, influenced in part by government subsidies for religious studies, and presents a unique opportunity to explore a scenario where women emerge as the main breadwinners, despite prevailing preferences that continue to prioritize men. The Arab population in Israel (which is mainly Muslim) is a religious and ethnic minority, adhering to a patriarchal structure that bears similarities to other minority groups worldwide.

The *Haredi* and Arab populations have high fertility rates. Among *Haredi* women, the fertility rate was 6.62 in 2020, while the rate among Arab women was 2.82. The distribution between females and males aligns with that of the general population (CBS, Births and Fertility in Israel, 2020).[6] Both populations face relatively high poverty rates.[7] Among the *Haredi* population, poverty is primarily attributed to the low levels of general education and labor force participation among men, whereas in the Arab population, it predominantly emanates from the lower labor force participation rates among women (Bank of Israel, 2023; Kasir, 2018 and Kasir and Yashiv, 2021). In the *Haredi* community, the labor force participation rate stands at 82% for women, while for men it is notably lower at 49%. In contrast, among the Arab population, the labor force participation rate for women is 45% and for men it is 71%, highlighting a distinct gender-based division of labor. In comparison, the non-*Haredi* Jewish population exhibits higher labor force participation levels, with rates of 84% for women and 87% for men (Bank of Israel, 2023).

Furthermore, academic attainment levels reveal disparities within these minority groups. Among *Haredi* women, academic attainment is 33% compared to a mere 7% among men (Bank of Israel, 2023). The shift of *Haredi* women toward academics over the last 10–20 years represents a significant change, driven by the labor market's increasing demand for higher education and the booming high-tech sector in Israel. Additionally, these women's aspirations to secure higher wages and engage more fully in the labor force have played a crucial role in this trend (Cahaner and Malach, 2023; Malach and Cahaner, 2022; Gordon, 2022; Cahaner, 2020; Regev, 2017 and Kasir, Shahino-Kesler, and Tsachor-Shai, 2018.) In the *Haredi* community, education for men primarily centered on religious studies.This focus results in minimal emphasis on other vocational subjects.

6. In Israel, IVF procedures cannot be used to choose the sex of the child unless there are four former children of the same gender in the family, and abortions are uncommon and religiously prohibited.

7. Forty-two percent of Ultra-Orthodox households and 45 percent of Arab households lived in poverty in 2018, with less than half of the median household income.

Upon completing 12 years of education in their separate educational system, male students possess limited knowledge of math and science and lack proficiency in English.. In contrast, women in the same community graduate with vocational knowledge comparable to other demographics, demonstrating proficiency in math, science, and English. For the non-*Haredi* Jewish population, although academic attainment is also higher for women the difference is less pronounced. Academic attainment for Arab women stands at 29% and for men at 19%. In the non-*Haredi* Jewish population there are higher academic attainment figures with 53% for women and 42% for men (Bank of Israel, 2023).[8]

While the distinctive context of the *Haredi* community highlights women's role in providing for the household, both the *Haredi* and Arab populations exhibit a pronounced patriarchal preference. (See for example Ahmed, 2021; Haddad and Esposito, 2020; Jayachandran, 2015; Kasir and Tsachor-Shai, 2016; Lehmann and Siebzehner, 2009 and Radford, 1999.) This bias is also evident in CBS survey data, where a significant portion of individuals from these communities report that women are primarily responsible for laundry and cleaning, while a smaller proportion mention women's involvement in household finances (CBS, Social Survey 2009).[9] Specifically, 81% of the *Haredi* population and 91% of the Arab population indicate that women handle laundry duties in their households, in contrast to 71% in the general population. Additionally, 63% of the *Haredi* population and 84% of the Arab population state that women are responsible for cleaning the home, as opposed to 51% in the general population. Conversely, only 9% of the *Haredi* population and 11% of the Arab population indicate that women are in charge of household finances, in contrast to 20% in the general population. Furthermore, previous research reveals that in both minority groups women are less financially literate. (See for example Dresler and Hurwitz, 2023; Haran Rosen and Sade, 2022b and Haran Rosen and Sade, 2022a.) This indicates that financial gender bias exists in both populations, as well as the fact that it is more likely in both these groups for fathers to be in charge of financial decision making in the household. When investigating parents' payment of allowances to children using the 2019 CBS Household Expenditure Survey data and looking only at families that have either boys or girls (allowance size is averaged for each household), we find evidence that in families with only boys, the allowance is higher and certainly not lower than in households with only girls across all population groups (Arab, *Haredi*, and non-*Haredi* Jewish). The difference is greatest for Arab households, with an average monthly allowance of NIS 285 for households with boys versus NIS 127 for households with girls. This is in accordance with cultural preferences.[10]

8. Additional information on the *Haredi* population's attitude toward the education system is available in Kasir and Dimitri Romanov, 2017.

9. Cultural bias regarding housework appears to be prevalent in many communities. (See for example Hancock, Low, and Lafortune, 2025). However, these populations exhibit a greater bias than the rest of the population.

10. This might also be connected to initial evidence indicating that parents provide more allowance for boys when

Marriage incentives for *Haredi* and the Arab populations have changed over time. Dowries as part of the marriage contract were common in both cultures but are not prevalent or substantial nowadays in these communities in Israel. (See for example Lehmann and Siebzehner, 2009 and Jayachandran, 2015.) This is in line with the literature that shows that such practices decline in developing countries. (See for example Anderson and Bidner, 2015.) On the other hand, cultural norms echo in the marriage market as they continue to emphasize the role of men as breadwinners in the Arab population, while in the Ultra-Orthodox population, women are expected to fulfill this role. This means that in the *Haredi* population, girls are expected to provide financial support to the household either by contributing more capital to buy a home or by demonstrating better prospects in the labor market, while in the Arab population, it is the men who are expected to fulfill this role. This is especially true for a specific type of *Haredi* community that has a higher rate of men completely devoted to religious studies and being paid a small allowance from the government to do so. (See for example Zupnik, 2022; Gordon, 2022 and Grossbard, 1986.) We address this population sub-group in more detail later in the paper. Additionally, as real estate prices go up it seems that the marriage market for the *Haredi* population is putting a bigger emphasis on women's ability to provide capital for housing. Therefore, although dowry practices are not prevalent overall, we can assume that the dynamics of the marriage market may increase the economic motivation to save for girls within the *Haredi* community and for boys in the Arab population.

Regarding incentives to invest in children who may assist parents in the future (see for example Light and McGarry, 2004 and McGarry, 2016), there are several indications suggesting that this should not be considered a primary driver of the differences in savings in the SECP. Culturally and historically, it is common for young couples in the *Haredi* population to reside close to the bride's family (matrilocality) and for couples in the Arab population to reside close to the groom's family (patrilocality). However, Israel is a small country (most places are less than a 4-hour drive even with traffic), and these population groups tend to reside in specific areas, leading to even less dispersion. The rise in housing prices has also affected young couples' ability to stay close to family, as they move to more peripheral and less expensive localities (Haj-Yahya et al., 2022 and Regev and Gordon, 2022.) It therefore seems that patrilocality and matrilocality should have a mitigated effect on parents' investment decisions in SECP for these population groups nowadays. Even if there is an effect, it should lead to increased savings for girls in the *Haredi* populations and increased savings for boys in the Arab population.[11]

Survey data conducted by the Israeli Central Bureau of Statistics reveals that within both minority

they are younger. (See for example Engels et al., 2024.)

11. Thus, to the extent that these patterns have any additional effect, they further reinforce the interpretation that savings decisions are primarily shaped by economic incentives rather than by cultural preferences, highlighting the importance of considering economic incentives and human capital in a broader sense when examining savings for children.

communities, men are more inclined than women to offer financial support to their parents (CBS, Social Survey 2019) but women are generally more likely to physically support parents. (See for example Arazi, Bental, and Davidovich, 2023 and Brodsky, Resnizky, and Citron, 2011.) It should also be noted that both minority communities have a strong communal structure, and many family and community members offer support to the elderly. (See for example Halperin, 2015 and Shulyaev et al., 2020.) High fertility rates also lead to a mitigated effect on parents' expectations of help from each specific child. Hence, for these communities, children's future assistance for parents appears relatively mitigated but should drive additional savings for boys.

The *Haredi* and Arab population groups share patriarchal cultural gender preferences but diverge in their economic incentives (influenced by the cultural context) to invest in boys versus girls. Table 1 summarizes these opposing forces and the outcomes that allow us to investigate them. We hypothesize that Arab parents will save more for boys, reflecting both patriarchal preferences and economic incentives, while patterns among the *Haredi* community will reveal whether norms (patriarchal preference for males) or incentives (favoring girls) dominate. For the non-*Haredi* Jewish population, where neither force is particularly strong, we do not expect systematic favoritism. We now turn to the data before presenting the empirical analysis.

Table 1.
Forces affecting gender favoritism across populations

	Preferences/norms	Economic incentives	SECP incentives
Arab population	Boys	Boys	Same
Haredi population	Boys	Girls	Same

4 Data

The data for this research comes from the NII administrative data on all SECP accounts and households as of January 2020. The database covers all children between the ages of 6 months and 15 years in Israel.[12] The data set includes information on decisions made within the SECP, particularly regarding the deposit of additional funds into the account. Additionally, it comprises administrative data concerning various household characteristics and attributes. These attributes include the marital status of the child's parents, the order of children in the household[13], the age of each child, the average age of parents, the income of each parent, indicators for whether each

12. We examined children aged 0.5 and above, after defaults took effect, and before they reached the age of 15, at which point the child's savings horizon is relatively short.

13. We grouped child number 7 and above together. Therefore, children are categorized with an indicator for the order of children in the household ranging from 1 to 7.

parent attended a university or college, indicators for whether each parent receives social security income (see for example, disability and income assurance benefits), and the household's minority affiliation, based on an algorithm according to the NII classification. As parents tend to make a savings decision early and remain consistent over time, examining a cross-sectional snapshot of these savings decisions provides valuable insights into parental preferences and investment behavior concerning their children's future.

In our administrative NII data set, we have a total of 2,342,277 observations. This data set includes 384,904 observations from the *Haredi* population and 536,658 observations from the Arab population. Notably, in 39% of *Haredi* children's accounts, parents chose to make additional deposits into their child's account. For the Arab children, this percentage was 23%, while for the non-*Haredi* Jewish accounts, it was notably higher at 62%.[14]. When examining outcomes in regressions below, we control for household income due to the fact that low income and liquidity constraints are likely contributing to the differences between populations and help explain the lower contribution rates for the minority populations. Summary statistics of the administrative data are presented in Table 2. It is important to note that the proportion of boys and girls is consistent across all populations, with girls comprising 49% of the sample. This indicates that there is no gender-based selection bias within any of the populations studied.

Figure 1.
Summary statistics: Means by population group

Variable	*Haredi*	*Arab*	*Non–Ultra-Orthodox Jewish*
Deposit additional funds	0.39	0.23	0.62
Proportion female	0.49	0.49	0.49
Age of child	7.02	7.62	7.52
Parents married	0.98	0.91	0.87
Parents' average age	36.12	37.84	40.26
Father academic attainment	0.06	0.16	0.48
Mother academic attainment	0.62	0.23	0.59
Mother in top 20% of female earners	0.11	0.06	0.28
Mother in bottom 20% of female earners	0.19	0.47	0.10
Father in top 20% of male earners	0.02	0.07	0.30
Father in bottom 20% of male earners	0.55	0.19	0.11
Order of children in household	2.78	1.96	1.83
Mother's bargaining power	0.64	0.27	0.39

Note: Table reports means for main and control variables by population group. "Order of children in household" is Winsorized at 7. "Academic attainment" equals one if a parent was enrolled in a university or college. Top and bottom 20% earners are defined within the SECP parent population by gender. "Mother's bargaining power" is the mother's income divided by the sum of both parents' incomes. Data are from NII SECP administrative records.

14. For a more detailed discussion of parental engagement in the program, see Haran Rosen et al., 2021 and Haran Rosen and Sade, 2022b

4.1 Empirical investigation

We estimate the following model for all population groups in Israel: *Haredi*, Arab, and non-*Haredi* Jewish.[15] For each child (i) we estimate (Y_i), a dummy value of 1 or 0 for depositing an additional NIS 50 per month to the child's account.

$$Y_i = \beta_0 + \beta_1 G_i + \beta_2 X_i + \varepsilon_i \tag{1}$$

Where G_i is an indicator of whether child is male or female (0 is male), and we denote by X_i the household's characteristics as stated above.

To explore potential variations in parental interactions with the program across distinct populations, we conduct separate regressions for the *Haredi*, Arab, and non-*Haredi* Jewish populations. This approach enables us to discern if there are nuanced differences in program dynamics among these demographic groups, particularly concerning the gender of the children.[16]

We start by investigating choices for only the first child in the family to address the interdependence of observations within the same household and account for random assignment, as the gender of the first child is random. Another benefit of starting the investigation with the first child is that this decision might be less influenced by liquidity constraints. In our primary specification, as our dependent variable is binary, we utilize a logit model and report both the coefficients and odds ratios to offer a detailed interpretation of the results.[17] For robustness checks, we extend our analysis by running regressions on the second child within the family. Additionally, we explore alternative specifications using an ordinary least squares (OLS) model instead of a logit model. Notably, these robustness checks yield consistent outcomes, reinforcing the reliability of our findings (available upon request).

15. When partitioning data based on parents' academic attainment or income (not shown here), the statistically significant effects and differences seem to stem from the Arab and *Haredi* populations. In households where the mother has academic attainment but the father does not (indicative of *Haredi* households), there is a higher savings rate for girls. Conversely, in households lacking education (primarily indicative of Arab households, though not exclusively), there is a tendency to save more for boys, albeit this effect is less pronounced. Regarding income, households where women have low income, in lowest 20% percentile, but fathers do not (common among the Arab population but not limited to it) exhibit a lower savings rate for girls, though this effect is not particularly strong. In contrast, in households where the mother does not have a low income but the father does (characteristic of *Haredi* households), there is a strong tendency to save more for girls. Notably, when both parents have low income, no significant gender effect on savings behavior is observed. Given that gender favoritism in savings appears to stem from ethnic and religious minorities, and considering the insights their unique setups can provide into the sources of gender favoritism, we continue to discuss and focus on these populations in our analysis.

16. It should be noted that the outcome can be viewed from both an extensive and intensive perspective. On the extensive margin, the investigation explores whether parents are willing to invest additional funds out of pocket for girls compared to boys. Conversely, on the intensive margin, it examines whether parents save additional funds for girls compared to boys.

17. As this is a logit regression, pseudo R^2 is calculated using: 1-exp2[logL(M)-logL(0)]/n. Where logL(M) and logL(0) are the maximized log likelihood for the fitted model and the "null" model containing only an intercept term, and n is the sample size.

Table 2.
Logit coefficients: depositing additional funds for child in SECP by population group

	Haredi	Arab	Non–*Haredi* Jewish
Girl	0.03***	-0.02***	0.00
	(0.01)	(0.00)	(0.00)
Controls	Yes	Yes	Yes
Observations	110,268	238,741	692,155
Pseudo R^2	0.08	0.12	0.11
Mean dep. var.	0.39	0.23	0.62

Note: Data on first-born child. Reported coefficients are from logit models. The dependent variable equals one if parents deposited additional funds for a child in the SECP. The main regressor is an indicator for the child being female. Controls (not shown) include marital status, child's age, father's and mother's academic attainment, father's and mother's income, and parents' average age. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$.

We then continue to examine parents' choices within the same household, conducting a logit regression on families with both girls and boys. This analysis helps us provide further evidence that parents intentionally make non-equitable choices when it comes to saving and investing in their children, favoring specific children based on their gender. In this analysis, cluster-robust standard errors at the household level are used to account for intra-household correlation.

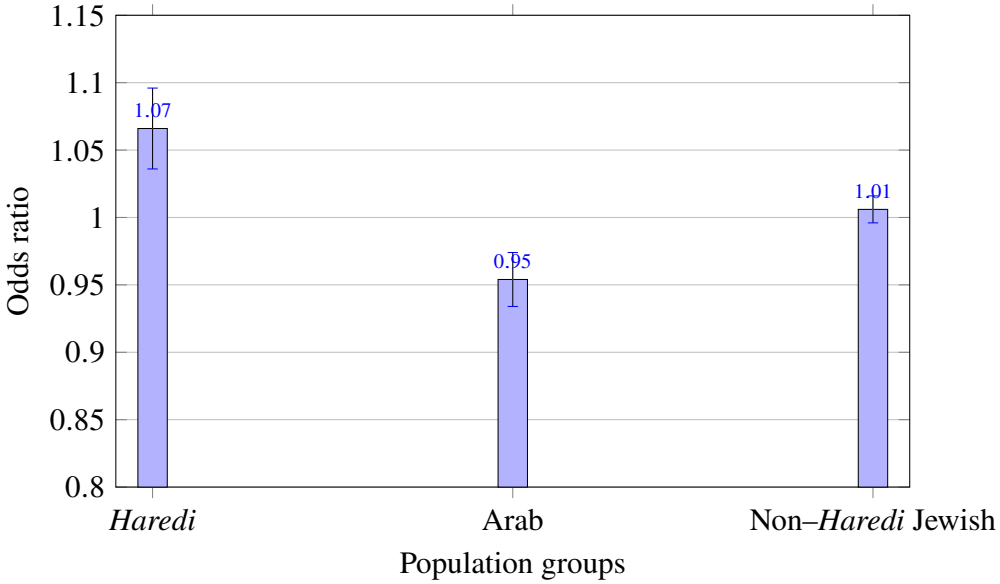
We then continue to investigate survey data and additional specifications to offer further insights into the mechanisms influencing parents' disparate investment in their children based on gender. We specifically address the following mechanisms: parents' expectations regarding the funds, academic attainment, marriage market considerations, and mother's economic bargaining power.

5 Main results

The regression results presented in Table 3 show that *Haredi* parents are statistically significantly more likely to deposit additional funds for their girls, while Arab parents are less likely to deposit additional funds for girls. For non-*Haredi* Jewish population, there is no significant effect by gender of child. All outcomes are after controlling for an array of household and child attributes. The full regression with all controls is presented in Appendix 1. Given that the regression is a logit regression, Figure 1 presents the odds ratios of the outcomes. Specifically, the results show a 7% higher likelihood of savings for *Haredi* girls than for boys, and a 5% lower likelihood of savings for Arab girls than boys. For non-*Haredi* Jewish populations, the effect is neither statistically nor economically significant.

We also investigated overall savings differences between populations using a regression covering the entire sample (available upon request). This regression included fixed effects for minority populations and an interaction term between minority populations and a dummy variable indicating

Figure 2.
Odds ratios for savings regressions by population group



Note: The figure shows the odds ratios for depositing additional funds for girls relative to boys (from Table 2) across the three population groups. Error bars denote 95% confidence intervals.

whether the child is female, along with all specified control variables. Because this specification includes interaction terms, we estimate the model using ordinary least squares rather than a logit model. The results show that, in line with the outcomes indicated in Table 3, the coefficient for the interaction term between girl and minority is statistically significant and positive for the *Haredi* population and statistically significant and negative for the Arab population. Despite these minority populations showing relatively higher savings rates for girls or boys, they both exhibit an overall lower likelihood of making additional deposits for any of their children compared to the non-*Haredi* Jewish population, as indicated by the statistically significant negative coefficient for the minority dummy, consistent with these populations' overall deposit rates.

5.1 Family with both boys and girls

Next, we examine differences in savings by child gender within families that have both girls and boys. This approach helps mitigate concerns about selection bias. However, one might expect no gender differences to arise in such families, as this would imply that parents actively choose to allocate resources unequally among their children, despite shared household preferences and potential inertia. Nevertheless, we find that parental favoritism persists. Table 4 shows that among these families, *Haredi* parents save more for girls, whereas Arab parents save more for boys. The magnitude of the gender effect among Arab families is attenuated relative to the gap observed for firstborns.

Table 3.
Logit coefficients: Depositing additional funds for child in SECP by population group, families with both girls and boys

	Haredi	Arab	Non–*Haredi* Jewish
Girl	0.02***	-0.01**	0.00
	(0.00)	(0.00)	(0.00)
Controls	Yes	Yes	Yes
Observations	313,770	332,345	797,332
Pseudo R^2	0.09	0.13	0.13
Mean dep. var.	0.38	0.21	0.62

Note: Sample restricted to families with both girls and boys. Standard errors are clustered at the household level. The dependent variable equals one if parents deposited additional funds for a child in the SECP. The main regressor is an indicator for the child being female. Controls (not shown) include marital status, child age, parental academic attainment, parental income, and parents' average age. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$.

As a robustness check, we include the proportion of girls among all children in the family in the regression. The results remain consistent and are available upon request.[18] We further estimate an OLS regression where the dependent variable is the deviation between the saving rate for the focal child and the average saving rate across all other children in the same family. This allows us to control for the overall tendency of the family to save and isolate within-family differences. Because only a limited proportion of households display variation in saving rates across children (10.5% in *Haredi* population, 6% in the non-*Haredi* Jewish population, and 4% in the Arab population), we restrict this analysis to *Haredi* families, where such within-family variation is more common and thus enables more precise estimation. The use of OLS is appropriate here given the continuous nature of the outcome variable. We do not estimate a logit model with family fixed effects due to the incidental parameters problem, which arises in nonlinear models with many group-specific effects and leads to inconsistent estimates when group sizes are small. (See for example Wooldridge, 2010.) Within this subsample, the pattern persists: *Haredi* parents are statistically significantly more likely to save for a girl than for her brothers within the same family, with a coefficient of 0.28 percentage points (results available upon request).

18. The "Percent of girls" variable is calculated based on all children aged 0.5–15. Regression results indicate that both the "Girl" dummy and the "Percent of girls" variable load in the same direction—positive for *Haredi* families and negative for Arab families. Each variable becomes less significant when included together, suggesting the effect is shared between them. This reduces concern that the observed pattern is driven by "only-girl" or "only-boy" effects in large families.

6 Mechanisms

6.1 Parents' expectations and additional considerations

So far, we have obtained evidence indicating that *Haredi* parents allocate higher savings for girls, while Arab parents exhibit a preference for boys. This initial evidence suggests that economic incentives can override preferences and may be influenced by parental expectations regarding future economic prospects. We claim that this distinction arises from differential monetary expectations concerning daughters and sons within the respective populations and the need to invest in education.

Yet, as discussed in the literature mentioned earlier and upon exploring the attributes of the populations, there may be additional motivations affecting parents' willingness to invest in their children. Specifically, the marriage market could be influencing outcomes directly (and not only through human capital), along with factors such as the proximity of children to parents and expectations of support in old age. Other factors, such as mothers' economic bargaining power, may also influence outcomes, and we address this question through additional data investigations.

To address alternative explanations, we present evidence from additional survey data as well as further investigations using administrative data. In our further analyses, we examine parents' choices across all their children to assess the effect over a lifetime and across all family types, incorporating cluster robust standard errors to isolate these influences.

6.1.1 Survey data

Between July and December of 2017, following the initial implementation of the SECP, NII conducted a telephone survey targeting a random sample of parents with children eligible for the SECP. The survey sample was based on a stratified random sampling approach and aimed to over-sample minority groups, ensuring adequate representation of the Arab and *Haredi* populations for focused investigations. Out of approximately 10,000 families invited to participate, 4,838 parents completed the survey, representing 11,215 children and yielding a response rate of nearly 50%. As parents were asked about expectations for all their children, and given that parents may have both boys and girls, examining expectations for both genders across all families yields noisy averages. Therefore, we present parents' expectations for boys and girls only within families that have either all girls or all boys. It is important to note that the non-*Haredi* Jewish population has higher income and fewer liquidity constraints, meaning they might more easily afford investments without a specific aim. In contrast, for the other population groups, liquidity constraints might drive a more specific need for their investments. Additionally, our analysis focused solely on parents who made an active decision to deposit additional savings into the SECP, aiming to draw evidence from those more conscious of their choices. This approach helps us better understand the motivations of parents

Table 4.
Parental expectations for use of child savings account funds by population group and gender

Population	Gender	N	Academic (%)	Wedding (%)	Child's choice/ Don't know (%)	Other/Refuse (%)
Haredi	Girl	30	43.3	16.7	26.7	13.3
	Boy	36	11.1	44.4	25.0	19.5
Arab	Girl	62	74.2	3.2	21.0	1.6
	Boy	82	89.0	0.0	7.3	3.7
Non–*Haredi* Jewish	Girl	706	54.1	1.8	34.1	9.9
	Boy	792	51.7	1.3	36.9	10.2

Note: Source is the National Insurance Institute "Savings for Every Child" survey (2017). The sample includes parents with only boys or only girls who actively opted in to deposit additional funds for at least one child.

whose decision to save could be directly linked to the outcomes discussed above. Table 5 presents statistics on parents' expectations regarding how children will use funds in the future, categorized by affiliation to specific population group and the gender of the child.

The results in Table 5 highlight that most parents' primary expectation regarding how children will use the SECP funds is for academic attainment and vocational training (Most responses emphasize academic attainment, and the percentage of respondents indicating vocational training is negligible.) Within the *Haredi* population, expectations are more diversified, with a significant emphasis on both weddings[19] and education. Yet, the survey clearly indicates that *Haredi* parents expect savings for girls will be allocated towards academic attainment (43.3% for girls compared to only 11.1% for boys), while savings for boys are expected to be allocated for wedding-related expenses (44.4% of parents anticipate savings for boys to be used for wedding expenditures versus only 16.7% for girls). In the Arab population, parents' expectations for both girls and boys lean towards academic attainment and at a very high rate. This could be due to social desirability and minority population's attempt to please the surveyor.[20] However, they are still more inclined to anticipate savings for boys being used for educational purposes (89% of parents with boys expect children to utilize funds for education compared to 74.2% for parents of girls). The marriage market appears to have less influence within this population. For the non-*Haredi* Jewish population, academic attainment remains significant, but differences between girls and boys are less pronounced, with parents tending to indicate that the funds will be used for whatever the child wishes to do with them. This is in line with this population having fewer liquidity constraints.

19. The answers to the survey regarding marriage were too general, making it difficult to distinguish between marriage and real estate concerns as they are combined for the *Haredi* community. Additionally, a substantial number of parents indicated real estate in the "other" category where there was an option to add a category. The high rate of responses in the "other" category among the *Haredi* population is another indicator of the importance of real estate and marriage market expectations. It is also important to note that the "other" category is 5 percentage points higher for boys than girls in the *Haredi* population.

20. Haran Rosen and Sade, 2022b also find and discuss how the Arab population has a tendency to answer surveys in a socially desirable manner, but note that these responses still appear to influence outcomes.

In addition, the survey helps to show that other mechanisms do not seem to be driving outcomes. Specifically, all populations show a limited emphasis on expectations regarding the need to finance parental support, providing further evidence that this factor is not a driving force behind the observed effects. In the survey sample, among parents with only boys or only girls, no respondent indicated that they expect the funds to be used to finance parental support. Another potential factor influencing parental savings for children could be a reluctance to provide funds to children whom parents seek to control more tightly, in order to curb independence, potentially maintaining a more conservative environment. For example, *Haredi* parents may refrain from saving for boys as they could potentially use these funds to depart from the closed community, and similarly, Arab parents may be hesitant to save for girls. Survey results suggest that this explanation is less likely to influence outcomes. Among *Haredi* parents, a relatively high share either expect boys to use the funds at their own discretion or are uncertain about how the funds will be used—both responses suggesting greater flexibility and independence in fund usage. The share is similar for girls: 25% for boys versus 26.7% for girls. In the Arab population, parents are actually less likely to indicate that funds could be used at the child's discretion for boys, and the percentage of parents who provide this response for girls is also relatively high (4.9% for boys and 17.7% for girls), suggesting that this explanation is unlikely to be the primary driver of parental favoritism in investments. These observations further support the interpretation that SECP investments are primarily motivated by a desire to enhance the human capital and educational prospects of children perceived as future breadwinners.

6.2 Parents' academic attainment

To provide additional evidence that education attainment is the driving factor, we investigate whether parents' level of educational influences the propensity to save more for girls. It is conceivable that educated mothers, being more aware of the benefits, are more inclined to save for girls. It's important to acknowledge that the parent's education level may not directly correlate with their expectations of how their child's education will benefit them due to changes in economic and cultural conditions.

This subsection, as well as those that follow—Religious Scholars Investigation–Marriage Market Considerations and Bargaining Power—are estimated using an OLS specification rather than a logit model. This choice is motivated by the inclusion of interaction terms, which are difficult to estimate and interpret in nonlinear models such as logit. Importantly, the main effects from the primary specification above, as well as those examined in the subgroup analyses below, remain consistent across both OLS and logit specifications. This provides confidence in the linear probability framework. OLS further enables clearer interpretation of interaction effects across subgroups, including those defined by parental education, religious roles, and intra-household dynamics.

Building on this framework, we next explore one such subgroup dimension: the educational

Table 5.
Depositing additional funds for child in SECP by population group and parents' academic attainment (OLS coefficients)

	Haredi	Arab	Non–*Haredi* Jewish
Girl	0.01***	-0.01***	0.00
	(0.00)	(0.00)	(0.00)
Mother acad. attainment × Girl	0.01*	-0.00	-0.00
	(0.00)	(0.00)	(0.00)
Father acad. attainment × Girl	-0.00	0.01	0.00
	(0.01)	(0.00)	(0.00)
Mother acad. attainment	0.07***	0.11***	0.10***
	(0.00)	(0.00)	(0.00)
Father acad. attainment	0.12***	0.09***	0.11***
	(0.01)	(0.00)	(0.00)
Controls	Yes	Yes	Yes
Observations	384,904	536,658	1,420,715
R^2	0.06	0.09	0.09
Mean dep. var.	0.39	0.23	0.62

Note: Ordinary least squares (OLS) regressions are estimated with cluster-robust standard errors at the household level. The dependent variable equals one if parents deposited additional funds for a child in the SECP. Explanatory variables include an indicator for whether the child is female, interaction terms between gender and parental academic attainment, and controls (not reported) for parental marital status, child age, parental income, indicators for whether each parent receives social security allowances, and parents' average age. Column (1) reports estimates for the *Haredi* population, Column (2) for the Arab population, and Column (3) for the non–*Haredi* Jewish population. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$.

attainment of the parents. In the regression analysis presented in Table 6, we first observe that the overall effect of child gender persists across all populations both in significance and magnitude. *Haredi* parents are more inclined to save for girls, whereas Arab parents tend to save more for boys. We also find that *Haredi* mothers with academic achievements of their own are more likely to save for girls. In contrast, among Arab and non-*Haredi* Jewish parents, the effect of the parents' academic attainment on saving preferences is not statistically significant. This may be because, in these populations, girls may be focused on different subjects that are not as directly linked to future earning potential. This aligns with the theory that the need to fund main breadwinners' education is a leading effect in the *Haredi* population and that economic incentives are leading outcomes.

6.3 Religious scholars investigation–marriage market considerations

As previously mentioned in the Institutional and Social Background, and following the survey outcomes, the marriage market appears to be a significant concern, particularly in the *Haredi* population, where there seem to be more frictions leading to higher dowries or down payments for apartments (Zupnik, 2022; Gordon, 2022 and Regev and Gordon, 2022.) To further explore the impact of the marriage market, we examine a subgroup within the *Haredi* population based on the

administrative data and empirical investigation mentioned earlier. This additional analysis provides further evidence that the marriage market is not the primary driver of the observed outcomes.

The marriage market for men completely devoted to religious studies, known as "Avrechim," (or singular: "Avrech") places greater emphasis on dowry and the wife's ability to support the husband (Zupnik, 2022 and Gordon, 2022.) These men receive a governmental allowance to practice religious studies, typically around USD 220 or NIS 800 per month, and are less likely to earn external income. If they do receive external income, it tends to be relatively low (Zupnik, 2022 and Gordon, 2022.) Additionally, around 50% of "Averechim" are from the Lithuanian religious segment, where the marriage market is known to be tight for women. Hence, we would expect that marriage market considerations should be more pronounced in households where the father is a religious scholar. Given that these religious scholars receive an allowance from the government, information on this status is available in the NII administrative data. Hence, for the *Haredi* population we can explore whether fathers who are religious scholars show additional investment in girls due to a tight marriage market. We utilize the specified main empirical investigation on all children and incorporate a variable indicating whether the father is a religious scholar, along with an interaction term between the father's scholar status and the child being a girl.[21] As shown in Table 7, there is no additional effect for the interaction term, and the original overall tendency to save for girls remains, providing further evidence that the marriage market is not directly driving the outcome of higher investment in girls.

This finding suggests that the incentives to save more for girls are broadly shared across *Haredi* households, rather than being limited to families where the marriage market is particularly tight. In other words, the increased investment in daughters appears to be driven by widely-held expectations regarding the relative returns on education and labor market participation among *Haredi* women. These incentives apply across the community, implying that the economic rationale for saving is not confined to marriage dynamics but is rooted in the broader economic roles *Haredi* girls are expected to play.

6.4 Bargaining power

The literature provides evidence that households where mothers have stronger economic bargaining power in family decision-making due to higher income, tend to allocate more resources to girls. (See for example Dizon-Ross and Jayachandran, 2022; Duflo, 2003 and Qian, 2008.) This observation is linked to the notion that mothers exhibit greater altruism toward their daughters than fathers do. In order to investigate this mechanism, we conducted our prior regressions from the main

21. In the specification bellow father's income and academic attainment are controlled for. Outcomes of similar size and significance are observed even when controls for father's income and academic attainment are not incorporated in the regression.

Table 6.
Depositing additional funds for child in SECP if father is a religious scholar (OLS coefficients,*Haredi* population)

	Haredi
Girl	0.01***
	(0.00)
Father religious scholar × Girl	0.00
	(0.00)
Controls	Yes
Observations	384,904
R^2	0.06
Mean dep. var.	0.39

Note: Sample restricted to the *Haredi* population. Ordinary least squares (OLS) regressions estimated with cluster-robust standard errors at the household level. The dependent variable equals one if parents deposited additional funds for a child in the SECP. Explanatory variables include an indicator for whether the child is female, an indicator for whether the father is a religious scholar ("Avrech"), and their interaction. Additional controls (not reported) include marital status, child age, parents' academic attainment, parental income, indicators for whether each parent receives a social security allowance, and parents' average age. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$.

specification on all children, augmenting them with an interaction term to investigate maternal economic bargaining power and gender preferences. Initially, we introduced a variable of mother's percent of household wage (derived from dividing the mother's labor income by the sum of the father's and mother's labor income), which should directly measure the mother's economic influence in the household. The outcomes, as outlined in Table 8, indicate that overall, increased maternal economic bargaining power, as measured by the interaction term between the mother's economic bargaining power variable and the child being a girl, has no additional impact on savings for girls in all populations. Additionally, the baseline effect of the girl dummy variable on it's own remains consistent across all groups. This indicates that the outcomes presented earlier in the main specification are not a result of maternal economic bargaining power.

It should be noted that for the *Haredi* population, the mother's economic bargaining power variable has a statistically significant negative effect on the tendency to deposit additional funds into the child's account. This suggests that the variable might be capturing some unique features of the *Haredi* population and might not accurately reflect the mother's bargaining power in this context. Given that women are often the main breadwinners, the mother's percentage of overall household income could indicate either that mothers have higher income or that fathers are more devoted to religious studies, which might actually lower the mother's bargaining power and affect household liquidity. When replacing the original interaction term with two separate interactions—between the

Table 7.
Depositing additional funds for child in SECP by population group and mother's economic bargaining power (OLS coefficients)

	Haredi	Arab	Non–*Haredi* Jewish
Girl	0.01*	-0.01***	0.00
	(0.00)	(0.01)	(0.00)
Bargaining power × Girl	0.01	-0.01	-0.00
	(0.00)	(0.00)	(0.00)
Mother's bargaining power	-0.06***	0.01*	0.06***
	(0.01)	(0.01)	(0.01)
Controls	Yes	Yes	Yes
Observations	384,904	536,658	1,420,715
R^2	0.06	0.09	0.09
Mean dep. var.	0.39	0.23	0.62

Note: OLS regressions estimated with cluster-robust standard errors at the household level. The dependent variable equals one if parents deposited additional funds for a child in the SECP. Explanatory variables include an indicator if the child is female, the mother's economic bargaining power (defined as her share of parents' combined labor income), and their interaction. Additional controls (not reported) include marital status, child age, parents' academic attainment, parental income, indicators for whether each parent receives a social security allowance, and parents' average age. Column (1) reports estimates for the *Haredi* population, Column (2) for the Arab population, and Column (3) for the non–*Haredi* Jewish population. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$.

gender of the child and an indicator that the mother is in the top 20% of female income, or that the father is in the top 20% of male income—the interaction terms remain statistically insignificant. This suggests that expectations regarding girls' future returns or investment value are consistent across *Haredi* households, aligning with the findings from the marriage market analysis above and providing further support for the rational return-on-investment explanation.

Interestingly, across all populations studied, the mother's bargaining power does not appear to affect differential savings by child gender. In the non-*Haredi* Jewish and Arab populations, this variable is more likely to reflect actual bargaining power, yet we still find no gender-based effect. However, we do find that maternal bargaining power has a positive effect on the overall propensity to save for children in both the Arab and non-*Haredi* Jewish populations. This may indicate that these households have greater overall income and liquidity, or that increased maternal influence results in a broader emphasis on saving for all children, rather than selectively. When attempting to explain these outcomes with the literature, it is possible that maternal economic bargaining power in developed countries functions differently than in developing countries, where resources and opportunities are more limited.

These findings indicate that the fundamental impact of depositing more or fewer funds for girls is not rooted in maternal bargaining power for any of the populations investigated.

7 Conclusion and discussion

This paper provides evidence about the savings behaviors of parents towards children in government-initiated savings programs based on their gender, offering insights into the root causes of gender favoritism in contemporary economies. Using a unique settings, detailed administrative data and the focus on the gender of the child, we zoom in on parents from religious/ethnic minorities, the *Haredi* (Jewish Ultra-Orthodox) and Arab populations, which share similar patriarchal gender preferences but have different economic motivations regarding the future earning potential of their daughters and sons (Table 1 presents a summary of the underlying forces and motivations).

Our findings show that economic incentives play a leading role. *Haredi* parents tend to invest more in their daughters' accounts, based on economic incentives, while Arab parents put extra money into their sons' accounts, reflecting their preferences toward boys and economic incentives. These patterns persist even in families with both boys and girls, indicating that parents are intentionally saving more for some children based on their gender. Even if modest in magnitude, these differences reveal how inequality can manifest early, even in settings designed to be equitable.

When we dig into the underlying factors and reasons behind these decisions, more insights emerge that all point to economic incentives leading the overall effect. Specifically, it appears that the main reason parents save more for children is due to economic incentives and the need to invest in the future breadwinner's human capital. We do not find evidence that tighter marriage markets or that the need to provide future support for parents affects outcomes. Additionally, our investigation does not find any evidence that a mother's intrahousehold economic bargaining power results in higher savings for girls or that a reluctance to provide funds to children whom parents seek to control more tightly affects outcomes. Taken together, the evidence indicates that parents' savings behavior is guided primarily by (cultural) economic incentives rather than by patriarchal norms or traditional cultural preferences. This finding underscores the need to consider economic motivations and human capital expectations more broadly when designing savings policies for children.

Importantly, while the Arab population shares characteristics with minority groups with low-socioeconomic status around the world, the *Haredi* population provides a unique opportunity to cleanly disentangle the effects of economic incentives from those of patriarchal preferences. This contrast not only strengthens the interpretation of our results but also highlights the broader relevance of understanding how economic motivations shape parental investment decisions across diverse social and cultural contexts.

These results carry important implications for policy and program design. Child savings programs, which are increasingly used worldwide to promote equality, must consider how incentive structures may unintentionally amplify disparities. Our findings indicate that parents respond to economic incentives, suggesting that policy and outreach efforts that shape labor market and

educational opportunities can meaningfully influence savings behavior. The fact that we observe gender-differentiated saving patterns even within such a clean and relatively young sample suggests that disparities may be larger in less controlled environments. This implies that in child savings programs worldwide, gender gaps could be more pronounced. At the same time, our results suggest that economic incentives exert a substantial influence—potentially even greater than patriarchal preferences—and should be carefully considered not only in the context of gender but also more broadly, including in education and labor market participation. For example, expanding opportunities for women can shift parental expectations and encourage greater investment in daughters, reinforcing improvements in their future labor market outcomes.

By identifying populations where gender favoritism is most pronounced, policymakers and program designers can address underlying perceptions—such as the belief that investing in daughters (or sons) yields lower returns—and design targeted, well-communicated incentives that encourage more equitable investment in all children. These insights also carry practical lessons for marketing and outreach: Clear messaging about the long-term benefits of saving for both boys and girls can enhance participation while promoting equality, contributing to more inclusive economic growth.

Our observation that economic incentives and monetary returns in the labor market play a more significant role provides optimism that as communities develop and economic conditions evolve, gender favoritism can be effectively mitigated through a combination of these policy efforts. This research agenda is also aligned with the research agenda of the 2023 Nobel laureate in economics, Claudia Goldin, and her work on the impact of future income expectations on women's participation in the labor market and education. (See for example Goldin and Katz, 2015; Goldin, 2014; Goldin, Katz, and Kuziemko, 2006; Goldin, 2006; Goldin and Katz, 2002 and Goldin, 1990.)

At this point, it is important to highlight that the findings of this research are consistent with previous studies (for example, Haran Rosen and Sade, 2022b), which show that minority populations—regardless of gender—are generally less likely to deposit additional funds for their children. This persistent gap is a critical consideration for policymakers seeking to design equitable savings incentives and child investment programs. We leave to future research to examine how these early disparities in parental saving translate into later educational, financial, and intergenerational outcomes.

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Table A1.
Depositing additional funds for child in SECP by population group (logit coefficients, first-born child)

	Haredi	Arab	Non–*Haredi* Jewish
Girl	0.03***	-0.02***	0.03
	(0.01)	(0.00)	(0.00)
Not married	-0.05	-0.09***	-0.11***
	(0.01)	(0.01)	(0.00)
Child age	-0.02***	-0.01***	-0.02***
	(0.00)	(0.00)	(0.00)
Father NII allowance	0.15***	0.22***	0.01*
	(0.02)	(0.01)	(0.01)
Mother NII allowance	0.02	0.21***	0.08***
	(0.02)	(0.02)	(0.01)
Parents' avg. age	-0.00***	0.03***	0.01***
	(0.00)	(0.00)	(0.00)
Mother high wage	0.22***	0.11***	0.18***
	(0.01)	(0.01)	(0.00)
Mother low wage	-0.28***	-0.38***	-0.24***
	(0.01)	(0.01)	(0.00)
Father high wage	0.21***	0.13***	0.15***
	(0.02)	(0.01)	(0.00)
Father low wage	-0.26***	-0.15***	-0.17***
	(0.01)	(0.01)	(0.00)
Mother academic	0.20***	0.25***	0.23***
	(0.01)	(0.01)	(0.00)
Father academic	0.24***	0.24***	0.23***
	(0.01)	(0.01)	(0.00)
Intercept	0.40***	-1.84***	0.23***
	(0.05)	(0.03)	(0.02)
Observations	110,268	238,974	692,155
Pseudo R^2	0.08	0.12	0.11

Note: Coefficients are logit estimates with standard errors in parentheses. Dependent variable: indicator for depositing additional funds for a first-born child in the SECP. Controls: child gender, parental marital status, child age, parents' average age, parental income categories, academic attainment, and indicators for social security allowances. Column (1) reports estimates for *Haredi* Jews, Column (2) for Arabs, and Column (3) for non–*Haredi* Jews. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$.