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 that there are disparities in parental savings for their children based on gender and highlights that parents tend to allocate more financial resources to children who are perceived as future breadwinners. We specifically examine the case of a government-sponsored savings program in Israel, focusing on two religious/ethnic minorities (Ultra-Orthodox Jewish and Arab populations) characterized by similar cultural gender biases but distinct economic incentives concerning the future earning potential of girls versus boys. By investigating these minorities, we uncover motivations behind gender favoritism. Our findings reveal that Ultra-Orthodox Jewish parents tend to make additional deposits for girls, while Arab parents allocate extra funds for boys, reflecting their economic incentives and the need to invest in human capital. Administrative and survey data provide additional evidence suggesting that the primary driving factor behind this effect is economic incentives and investment in future breadwinners and not preferences. This outcome demonstrate that gender bias is reversed when economically worthwhile. Such insights should be considered when designing savings programs or when thinking of labor market programs. Biases in the early stages of life impact and are influenced by future economic abilities, potentially leading to significant effects on gender inequality.
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1 Introduction

Designated child savings programs, such as 529 plans in the US or the Registered Education Savings Plan in Canada, are 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 economic planning among young individuals but also provide a foundation for future financial stability and empowerment. The main goal of these types of programs is to lower inequality and provide children with better access to savings to fund academic attainment and other types of investments. If there is unequal treatment of children in these programs, it could have detrimental effects. This paper utilizes a unique case study and a highly detailed dataset to demonstrate the significance of economic incentives in contexts where both these incentives and cultural preferences may exert influence. Specifically, we shed light on the sources of gender bias and favoritism by disentangling the effects of economic incentives and cultural norms, offering novel insights into the mechanisms driving gender bias. We find that economic incentives matter more than cultural preferences.

The issue of gender bias and favoritism in parental financial transfers and investments in their children is documented in the literature. Most papers indicate 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 primarily arises from cultural preferences and norms or is significantly influenced by economic incentives and expected returns(e.g.Mishkin 2021; Jayachandran 2015; Ongena and Popov 2016; Duflo 2012; Jensen 2012; Light and McGarry 2004; Chu 1991).

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) per month into a savings account for every Israeli child under the age of 18. 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 to make additional monthly deposits of approximately US$ 15 to the SECP account. The program offers tax benefits and government-covered fees. Combined with the ability for parents to tailor their level of risk and choose their preferred financial institution, the SECP represents an attractive savings vehicle

Israel encompasses two significant religious and ethnic minority groups: the Ultra-Orthodox Jewish community and the Arab population which constitute approximately 12% and 21% of the 2021 population, respectively (CBS 2022). The Ultra-Orthodox Jewish population is recognized for its religiously insular nature, featuring unique cultural elements (e.g. 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. 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. While the distinctive perspective of the Ultra-Orthodox Jewish community highlights women's role in providing for the household, both the Ultra-Orthodox Jewish and Arab populations exhibit a pronounced cultural gender bias and a preference for males (e.g. Ahmed 2021; Radford 1999; Lehmann and Siebzehner 2009, Haddad and Esposito 2020; 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 to financially invest in children. This clean setup combined with the significant contrast between cultural preferences and economic incentives within Israel's minority populations, offers a unique opportunity to explore motivation behind gender bias and favoritism regarding children. In this case study, child's gender is random, in addition to the general population we have two populations characterized by similar cultural preferences but distinct economic incentives, both participating in the same program, accessing the same infrastructure, and enjoying equal access to information. This unique setting enables us to elucidate the general effect of preferences and norms versus economic incentives on parents' investment in their children, providing insights into which mechanism prevails.

We analyze administrative NII data covering all children in Israel, comprising a total

of 2,345,882 observations. Among these, 537,126 are from the Arab population, while 384,916 are from the Ultra-Orthodox Jewish population.[1] We 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. We find that Ultra-Orthodox Jewish parents deposit additional funds for girls while Arab parents deposit additional funds for boys. These findings are economically and statistically significant results. Specifically, after controlling for household's attributes, regressions show that there is a 7% higher rate of savings for girls versus boys in the Ultra-Orthodox population and a 5% decline in savings for girls versus boys in the Arab population. For non-Ultra-Orthodox Jewish populations, the effect is neither statistically nor economically significant. For the minority populations, parental favoritism persists across various robust specifications, including households with both girls and boys. This outcome indicates that parent's are making rational choices regarding savings decisions for their children and that gender preference and bias can be reversed when economically incentivized.

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 primarily center on investments in human capital and education. Additionally, we leverage a unique aspect of the Ultra-Orthodox population to demonstrate that the marriage market does not lead the observed outcomes directly. Our analysis also indicates that women's economic bargaining power within the household (e.g., when women contribute a larger share of income, as discussed in Dizon-Ross and Jayachandran, 2022; 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.

Extrapolating from the case study's outcomes to more general observations highlight important factors to consider when implementing child savings or labor market programs. Biases experienced in the early stages of life not only impact but are also shaped by future economic incentives and labor market programs, potentially resulting in substantial effects on gender inequality. The outcomes also highlight the importance of providing targeted marketing and financial education programs aimed at reducing these disparities.

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

2 Literature review

2.1 Child savings programs

The importance of researching savings for children has several implications for economic development and gender inequality. Providing access to funds in young adulthood can have large direct economic implications throughout the life-cycle (e.g. Zewde 2023; Brown et al. 2023; Caucutt and Lochner 2020; Stein and Yannelis 2020; Lee and Seshadri 2019; Loibl 2017). Specifically, child saving 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 behaviour and savings in adulthood (e.g. Li et al. 2023; Zewde 2020; Huang et al. 2021; Friedline et al. 2014; Friedline 2014; Ashby et al. 2011). Child saving accounts have specifically been found to positively impact academic attainment (e.g. Blumenthal and Shanks 2019; Elliott et al. 2011). The effect on academic attainment was found to be larger for low-income minorities and evidence shows that even small amounts of savings can have a strong effect (e.g. Huang et al. 2021; Elliott et al. 2013). Additionally, there is an indirect affect from accessing financial institutions and savings accounts in a young age through financial inclusion, financial literacy and financial behavior (Huang et al. 2021; Brown et al. 2019; Demirgüç-Kunt and Singer 2017; Grohmann et al. 2018; 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 bias on savings amounts can exacerbate or mitigate long-term gender disparities.

2.2 Parent's investment in children and gender bias

Gender bias and favoritism in parental financial transfers and investments in their children is documented in the literature (e.g.Carlsson Hauff and Hermansson 2023; Tani et al. 2023; Mishkin 2021; Jayachandran 2015; Barcellos et al. 2014; Ebenstein and Leung 2010; Bennedsen et al. 2007; 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 instance Kaul 2018; Chu 1991; Guinnane 1992). But contemporary evidence suggests that parental gender bias and favoritism persists even in modern developed countries such as the US (Mishkin 2021; Bennedsen et al. 2007).

There is still an open discussion on the origin of gender bias, whether it primarily arises from cultural 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 cul-

[2]This is also connected to a wider discussion on gender bias in the working force e.g Ater et al. 2023; Jayachandran et al. 2023; Sherman and Tookes 2022; Kessler et al. 2019.

tural preferences rather than being dependent on local infrastructure and economic opportunities. For instance, Ongena and Popov 2016 provides evidence that gender biases in the use of credit by US immigrant women tends to be more pronounced when cultural gender bias in country of origin is higher. Alesina et al. 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 by women is associated with greater investments in girls, highlighting a gender preference (e.g. Dizon-Ross and Jayachandran 2022; Duflo 2003; Qian 2008).

There is also a large literature pointing to the importance of economic incentives and expected returns on gender bias. Economic incentives can be influenced by various underlying mechanisms that contribute to gender bias. Firstly, in societies with patriarchal cultural and societal structures, males may utilize monetary transfers and inheritance to secure higher expected income than females (e.g. 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 and provide economic assistance (e.g. Ebenstein and Leung 2010; Qian 2008; Light and McGarry 2004; Cox 1987). In contrast, care-giving responsibilities, which are typically performed by females, may result in greater transfers for girls (e.g. Loxton 2019; Light and McGarry 2004; Cox 1987).

Related to this topic is research on patrilocality and matrilocality, which explores where children reside after marriage. Typically, patrilocality is more prevalent were sons tend to stay near their parents, 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 (e.g. Zhao 2023; Bau 2021; 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 (e.g. Tani et al. 2023; Khalifa 2022; Ashraf et al. 2020; Anderson 2007; Anderson and Bidner 2015; Ambrus et al. 2010; 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; Jensen 2012 and Shrestha and Palaniswamy 2017 find that when girls or boys are faced with better 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

[3]Furthermore, there is evidence indicating that economic incentives influence inter-household decision-making between men and women. It appears that cultural preferences still play a significant role in these contexts (e.g., Paredes et al. 2024; Hancock et al. 2023)

monetary transfers to fund academic attainment (e.g. Kaul 2018; McGarry 2016; Wong 2013; 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 open question in the literature, providing insights into the source of gender bias and why it persists today: are norms and preferences or economic incentives the driving factors? Utilizing a unique case study and setting with access to unique administrative data covering all the population with no sample selection, we disentangle these factors and demonstrate that economic incentives are the primary drivers of parental favoritism and gender bias. The data and setting also allow us to explore additional mechanisms such as mothers' bargaining power, the marriage market, patrilocality and matrilocality, and the level of parental care. The unique setup will help determine whether, when parents encounter a preference bias in one direction and economic incentives in another, which factor prevails.

3 Setup

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 interesting program that provides universal savings for all children in the country. Under the SECP, the government deposits approximately US $15 (NIS 50 indexed) 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 to actively participate in the program. They can exercise control over where and how to invest these funds and make additional monthly deposits of approximately US $15 to the SECP account. Given the 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).

[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. (e.g. 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.

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

Estimated account size at age 18 can range from ≈US $3,000 to ≈US $20,000 depending on parents choices (additional deposit and saving track) (Pinto and Gottlieb 2019). A year of college in Israel is ≈US $2,500, meaning estimated funds can cover costs of between 1- 6 years of tuition.

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] Hence, the accessibility, information, and economic incentives regarding saving in the program are similar for all parents and children.

3.2 Ultra-Orthodox Jewish and Arab populations

Israel encompasses two significant religious and ethnic minority groups, each characterized by distinct attributes: the Ultra-Orthodox Jewish and the Arab populations. The Ultra-Orthodox Jewish and the Arab populations constitute approximately 12% and 21% of the 2021 population, respectively (CBS 2022; Kasir and Romanov 2017a). The Ultra-Orthodox Jewish population is recognized for its religiously insular nature, featuring unique cultural elements (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 in the last decades, influenced in part by government subsidies for religious studies, present a unique opportunity to explore a scenario where women emerge as the main breadwinners, despite prevailing cultural preferences that continue to prioritize men. The Arab

[5]The ability to observe transfers can affect the ability of parents to transfer funds unequally (e.g. Bernheim and Severinov 2003; Lundholm and Ohlsson 2000; Stark and Zhang 2002; Stark 1998; Dunn and Phillips 1997). 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 in media outlets and publications from the National Insurance Institute (NII).

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 Ultra-Orthodox Jewish and Arab populations have high fertility rates. Ultra-Orthodox Jewish women fertility rate was 6.62 and was 2.82 for Arab women in 2020, while the distribution between females and males aligns with that of the general population CBS 2020).[6] Both populations face relatively high poverty rates.[7] Among the Ultra-Orthodox Jewish population, poverty is primarily attributed to the low levels of general education and workforce participation among men, whereas in the Arab population, it predominantly emanates from the lower workforce participation rates among women (BOI 2022; Kasir 2018; Kasir and Yashiv 2018). In the Ultra-Orthodox Jewish community, workforce participation stands at 82% for women, while for men, it is notably lower at 49%. In contrast, among the Arab population, workforce participation rates for women and men are 45% and 71%, respectively, highlighting a distinct gender-based division of labor. In comparison, the non-Ultra-Orthodox Jewish population exhibits higher workforce participation levels, with rates of 84% for women and 87% for men (BOI 2022).

Furthermore, academic attainment levels reveal disparities within these minority groups. Among Ultra-Orthodox Jewish women, academic attainment is notably higher at 33% in comparison to a mere 7% among men (BOI 2022). The shift of Ultra-Orthodox Jewish women towards 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; Kasir et al. 2018). In the Ultra-Orthodox community, education for men is predominantly free, primarily centered on religious studies. Yet, this focus results in minimal emphasis on other vocational subjects. Upon completing 12 years of education, male students possess limited knowledge in math, science, and no proficiency in English. In contrast, women in the same community graduate with vocational knowledge comparable to other populations, demonstrating proficiency in math, science, and English. For the other populations, there are no such disparities in the education system by gender although academic attainment is also higher for women and the difference is less pronounced. Academic attainment for Arab women and men stands at 29% and 19%, respectively. In the non-Ultra-Orthodox Jewish population there are higher academic attainment figures with 53% for women and 42% for men (BOI 2022.[8]

[6] In Israel, you cannot use an IVF procedure to choose the sex of the child unless you have four children of the same gender and abortions are uncommon and religiously prohibited.

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

[8] Additional information on Ultra-Orthodox population attitude toward the education system is available at Kasir and Romanov 2017b.

While the distinctive perspective of the Ultra-Orthodox Jewish community highlights women's role in providing for the household, both the Ultra-Orthodox Jewish and Arab populations exhibit a pronounced cultural gender bias and a preference for males (e.g. Ahmed 2021; Haddad and Esposito 2020; Jayachandran 2015; Kasir and Tsachor-Shai 2016; Lehmann and Siebzehner 2009; 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 2009).[9] Specifically, 81% of the Ultra-Orthodox Jewish 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 Ultra-Orthodox Jewish population and 84% of the Arab population state that women are responsible for cleaning the household, as opposed to 51% in the general population. Conversely, only 9% of the Ultra-Orthodox Jewish 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, former research reveals that in both minorities women are less financially literate (e.g. Dresler and Hurwitz 2023; Haran Rosen and Sade 2022a,b). Indicating additional aspects of financial gender bias in these households as well as the fact that in both populations it is more likely that fathers are 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 sub-populations (Arab, Ultra-Orthodox Jewish, and non-Ultra-Orthodox Jewish). The difference is largest for Arab households, with an average allowance of 285 NIS for households with boys versus 127 NIS for households with girls. This is inline with a cultural preference.[10]

When considering economic incentives, the most direct one is the incentive to invest in the future breadwinner and their education. Yet, there could be additional economic incentives from the marriage market, housing, and parent-child relationships to save for sons and daughters. In the following sections, we describe the relevant additional economic incentives for these two populations.

Marriage incentives for Ultra-Orthodox Jewish and the Arab populations have changed over time. Dowry as part of the marriage contract was common in both cultures but is not prevalent or substantial nowadays in these communities in Israel (e.g. Lehmann and Siebzehner 2009; Jayachandran 2015). This is inline with the literature that shows that

[9]Cultural bias toward housework appears to be prevalent in many communities (e.g. Hancock et al. 2023); however, these populations exhibit a higher 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 they are younger (e.g. Philip 2024).

such practices decline in developing countries (e.g. 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 Ultra-Orthodox Jewish population, girls are expected to provide financial support to the household either by contributing more capital to buy a house 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 Ultra-Orthodox Jewish community that have a higher rate of men completely devoted to religious studies and being payed a small allowance from the government to do so (e.g. Zupnik 2022; Gordon 2022; Grossbard 1986). We address this sub-population in more detail later in the paper. Additionally, as real estate prices go up it seems that the marriage market for the Ultra-Orthodox Jewish population is putting a bigger emphasis on the 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 Ultra-Orthodox Jewish community and for boys in the Arab population.

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

Survey data conducted by the Israeli Central Bureau of Statistics reveals that within both minority communities, men are more inclined to offer financial support to their parents compared to women (CBS 2019) but women are generally more likely to physically support parents (e.g. Arazi et al. 2023; Brodsky et al. 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 (e.g. Halperin 2015; 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 SECP, along with the unique features within Israel's minority populations, presents a distinctive opportunity to investigate gender bias and favoritism concerning children and offers several notable advantages. It relies on the random assignment of whether the child is a boy or girl, as well as a clean financial setting of parental monetary investments in young children. Additionally, it utilizes comprehensive administrative data covering the entire child population of the country, thereby eliminating any potential sample selection bias.

The Ultra-Orthodox Jewish and Arab populations share similar cultural gender preferences but diverge in terms of their economic incentives to invest in boys versus girls. Should we detect disparities in household savings within the program based on children's gender (and minority affiliation), we can affirm that gender bias and favoritism in savings exist in a modern economy and identify the leading force behind it. Table 1 summarizes forces and how outcomes enable us to investigate them. We hypothesize that in the Arab population, parents will save more for boys due to both preferences and economic incentives. We leverage the distinctive characteristics of the Ultra-Orthodox Jewish population to discern whether they exhibit a preference for girls or boys, thereby shedding light on whether preferences (resulting in more savings for boys) or economic incentives (resulting in more savings for girls) take precedence and have a predominant effect. If Ultra-Orthodox Jewish parents save more for girls, this indicates that the leading effect is a perfectly rational economic behavior. Regarding the non-Orthodox Jewish population, gender bias is not necessarily expected toward any child as preferences and economic incentives are not as strong.

The administrative data, combined with NII survey data, enables us to gain further insights into the sources of the incentives that may influence parents' investments in children. This includes examining parents' expectations, academic attainment, the marriage market, and mothers' economic bargaining power.

Table 1: Forces effecting gender favoritism in different populations

	Preferences/Norms	Economic incentives	SECP incentives
Arab Population	Boys	Boys	Same
Ultra-Orthodox Jewish Population	Boys	Girls	Same

4 Data

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 0.5-15 in Israel.[11] 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[12], the number 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 parent attended a university or college, indicators for whether each parent receives social security income (e.g., disability and income assurance benefits), and the household's minority affiliation, primarily determined by their residential address 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 2,345,882 observations. This data set includes 384,916 observations from the Ultra-Orthodox Jewish population and 537,126 observations from the Arab population. Notably, in 39% of Ultra-Orthodox Jewish children accounts, parents chose to make additional deposits into their child's account. For the Arab children, this percentage was 23%, while for the non-Orthodox Jewish accounts, it was notably higher at 62%. 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 is presented in Table 2. It is important to note that the proportion of boys and girls is consistent across all populations, with boys comprising 51% of the sample. This indicates that there is no gender-based selection bias within any of the populations studied.

4.1 Empirical investigation

We estimate the following linear model for all population groups in Israel: Ultra-Orthodox Jewish population, Arab population, and non-ultra-Orthodox Jewish population.[14] For

[11] 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.

[12] whether they are married to each other or not.

[13] We grouped households with more than seven children together. Therefore, families are categorized with an indicator for the number of children in the household ranging from 1 to 7.

[14] 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 Ultra-Orthodox Jewish populations. In households where the mother has academic attainment but the father does not (indicative of Ultra-Orthodox Jewish 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

Table 2: Statistical Summary

Population and N Obs	Variable	Mean	Std Dev	Minimum	Maximum
Ultra-Orthodox Jewish 384,998	Deposit additional funds	0.39	0.49	0.00	1.00
	Proportion male	0.51	0.50	0.00	1.00
	Age of child	7.02	4.11	0.51	15.00
	Parent's married	0.98	0.14	0.00	1.00
	Parent's average age	36.12	7.07	18.27	71.01
	Father academic attainment	0.06	0.24	0.00	1.00
	Mother academic attainment	0.62	0.49	0.00	1.00
	Mother in top 20% of female earners	0.11	0.31	0.00	1.00
	Mother in low 20% of female earners	0.19	0.39	0.00	1.00
	Father in top 20% of male earners	0.02	0.16	0.00	1.00
	Father in low 20% of male earners	0.55	0.48	0.00	1.00
	Mother has income from social security	0.11	0.31	0.00	1.00
	Father has income from social security	0.07	0.26	0.00	1.00
	Number of children in household	2.78	1.68	1.00	7.00
	Mother's bargaining power	0.64	0.34	0	1
Arab 537,118	Deposit additional funds	0.23	0.42	0.00	1.00
	Proportion male	0.51	0.50	0.00	1.00
	Age of child	7.62	4.18	0.51	15.00
	Parent's married	0.91	0.29	0.00	1.00
	Parent's average age	37.84	6.97	16.77	90.75
	Father academic attainment	0.16	0.37	0.00	1.00
	Mother academic attainment	0.23	0.42	0.00	1.00
	Mother in top 20% of female earners	0.06	0.23	0.00	1.00
	Mother in low 20% of female earners	0.47	0.50	0.00	1.00
	Father in top 20% of male earners	0.07	0.25	0.00	1.00
	Father in low 20% of male earners	0.19	0.39	0.00	1.00
	Mother has income from social security	0.12	0.32	0.00	1.00
	Father has income from social security	0.19	0.39	0.00	1.00
	Number of children in household	1.96	1.14	1.00	7.00
	Mother's bargaining power	0.27	0.28	0	1
Non-Ultra-Orthodox Jewish 1,421,999	Deposit additional funds	0.62	0.48	0.00	1.00
	Proportion Male	0.51	0.5	0	1
	Age of child	7.53	4.12	0.51	15.00
	Parent's married	0.87	0.34	0.00	1.00
	Parent's average age	40.26	6.43	17.80	84.75
	Father academic attainment	0.48	0.50	0.00	1.00
	Mother academic attainment	0.59	0.49	0.00	1.00
	Mother in top 20% of female earners	0.28	0.45	0.00	1.00
	Mother in low 20% of female earners	0.10	0.30	0.00	1.00
	Father in top 20% of male earners	0.30	0.46	0.00	1.00
	Father in low 20% of male earners	0.11	0.31	0.00	1.00
	Mother has income from social security	0.12	0.32	0.00	1.00
	Father has income from social security	0.11	0.31	0.00	1.00
	Number of children in household	1.83	1.04	1.00	7.00
	Mother's bargaining power	0.39	0	0	1

Notes: The table provides a statistical summary of the main and control variables. Academic attainment is a dummy variable indicating if a parent was enrolled in a university or college. Top 20% or bottom 20% of earners are calculated based on the SECP parents population for each gender. Income from social security indicates if a parent is receiving benefits such as disability or income assurance. Mother's bargaining power is measured as the mother's income divided by the sum of both parents' incomes. Data based on NII SECP administrative data.

contrast, in households where the mother does not have a low income but the father does (characteristic of Ultra-Orthodox Jewish 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 bias in savings appears to stem from ethnic and religious minorities, and considering the insights their unique setups can provide into the sources of gender bias, we continue to discuss and focus on these populations in our analysis.

each child i we estimate (Y_i), dummy value of 1 or 0 for depositing an additional NIS 50 per month to the child's account.

$$Y_i = \alpha_0 + \beta_1 * I_i + \beta_2 * X_i + _i \tag{1}$$

Where I_i is the indicator if the child is female (0 is male). And we denote by X_i 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 Ultra-Orthodox Jewish, Arab, and non-Ultra-Orthodox 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.[15]

We start by investigating 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-born child is that this decision might be less influenced by liquidity constraints.[16] In our primary specification, as our dependent variable is binary, we utilize a logit model to provide average marginal effects.[17]

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, we use family fixed effects to account for the interdependence of observations within the same household.

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.

[15]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.

[16]As part of our robustness checks, we extend our analysis by running regressions on the second child within the family. Additionally, we explore alternative specifications using a linear model instead of a logit model. Notably, these robustness checks yield consistent outcomes, reinforcing the reliability of our findings.

[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.

5 Main results

The regression results presented in Table 3 show that Ultra-Orthodox Jewish 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-Ultra-Orthodox 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 Ultra-Orthodox Jewish girls compared to boys, and a 5% lower likelihood of savings for Arab girls compared to Arab boys. For non-Ultra-Orthodox Jewish populations, the effect is neither statistically nor economically significant.

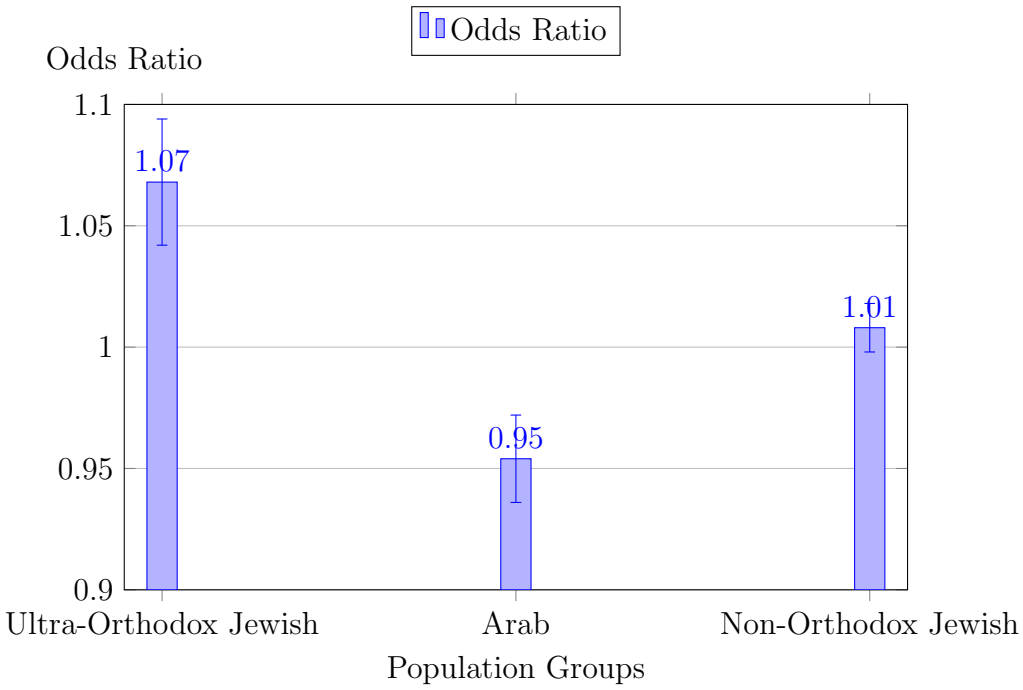
Table 3: Depositing additional funds for child in SECP by populations

	Logit average marginal effects		
	Ultra-Orthodox Jewish	Arab	Other Jewish
Girl	0.03***	-0.02***	0.00
	(0.01)	(0.00)	(0.00)
Controls	YES	YES	YES
Observations	110,302	239,067	693,615
Pseudo R^2	0.08	0.10	0.10

Notes: Data on first born child. Average marginal effects are reported with standard errors in parentheses. The dependent variable is an indicator for depositing additional funds for a child in the SECP. The primary explanatory variable is an indicator if the child is female. Other controls, not presented here, include indicators for parents being married, the age of the child, indicators for the father's and mother's academic attainment, father's and mother's income, indicators if the father and mother receive an allowance from social security, and the parent's average age. The first column displays outcomes for the Ultra-Orthodox Jewish population, the second column for the Arab population, and the third column for the non-Ultra-Orthodox Jewish population. $^{*}p < 0.1^{**}p < 0.05^{***}p < 0.01$

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 whether the child is female, along with all specified control variables. 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 Ultra-Orthodox Jewish 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-Ultra-Orthodox Jewish population, as indicated by the statistically significant negative coefficient for the minority dummy, consistent with these populations' overall deposit rates.

Figure 1: Odds-ratio for regression in Table 3



Note: This figure shows the odds-ratio outcomes for savings for girls versus boys disparities between girls and boys, from regression in Table 3, across the three distinct populations. The error bars represent the 95% confidence interval.

5.1 Family with both boys and girls

Next, we investigate differences in savings based on the child's gender within families that have both girls and boys. This approach helps address selection bias; however, one might expect that the phenomenon would not appear in such families, as it would imply parents actively choosing to invest in one child over another and inertia. Despite this, we find that parental favoritism persists: Table 4 presents that for these families, Ultra-Orthodox Jewish parents save more for girls, while Arab parents save more for boys. The magnitude of the effect in the Arab population is mitigated compared to the savings behavior observed for the first child. Next for robustness, we include the percentage of girls among all children in the family in the regression, the results remain consistent (available upon request).[18]

The results above highlight variations in parental savings for girls and boys across different groups in the population. The fact that parents' favoritism arises even in families with both girls and boys demonstrates the robustness of this outcome. In the following

[18]The 'Percent of girls' variable is calculated based on all children aged 0.5-15. Regression results show that both the 'Girl' variable and the 'Percent of girls' variable have the same direction: positive for the Ultra-Orthodox Jewish population and negative for the Arab population. The impact of the child's gender is shared between the 'Girl' dummy variable and the 'Percent of girls' variable; each variable is less significant on its own. This provides evidence that the observed effect is not attributable to a "princess" or "prince" effect, which might arise in families with many children but only one of a different gender.

Table 4: Depositing additional funds for child in SECP by populations, only for families that have both girls and boys

	Logit average marginal effects		
	Ultra-Orthodox Jewish	Arab	Other Jewish
Girl	0.02***	-0.01**	0.00
	(0.00)	(0.00)	(0.00)
Controls	YES	YES	YES
Observations	313,824	332,598	797,969
Pseudo R^2	0.09	0.13	0.13

Notes: Data only on families with both girls and boys using family fixed effects to account for the interdependence of observations within the same household. Average marginal effects are reported with standard errors in parentheses. The dependent variable is an indicator for depositing additional funds for a child in the SECP. The primary explanatory variable is an indicator if the child is female. Other controls, not presented here, include indicators for parents being married, the age of the child, indicators for the father's and mother's academic attainment, father's and mother's income, indicators if the father and mother receive an allowance from social security, and the parent's average age. The first column displays outcomes for the Ultra-Orthodox Jewish population, the second column for the Arab population, and the third column for the non-Ultra-Orthodox Jewish population. $^{*}p < 0.1^{**}p < 0.05^{***}p < 0.01$

section, we will delve into the mechanisms that contribute to these observed differences.

6 Mechanisms

6.1 Parent's expectations and additional considerations

So far, we have obtained evidence indicating that Ultra-Orthodox Jewish 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 earning potential. 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' 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 collected at the inception of the SECP program, 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

household fixed effects 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 used based on a stratified random sampling approach and aimed to over-sample minority groups, ensuring adequate representation of Arab and Ultra-Orthodox 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-Ultra-Orthodox 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 populations, 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 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.

Table 5: Parental Expectations Regarding the Use of Child Savings Account Funds by Population and Gender

Population	**Gender**	**N**	**Academic attainment (%)**	**Wedding (%)**	**What the child wants/Do not know (%)**	**Other or refuse (%)**
Ultra-Orthodox Jewish	Girl	30	43.3	16.7	26.7	13.3
	Boy	36	11.1	44.4	25	19.5
Arab	Girl	62	74.2	3.2	21	1.6
	Boy	82	89	0	7.3	3.7
Non-Ultra-Orthodox Jewish	Girl	706	54.1	1.8	34.1	9.9
	Boy	792	51.7	1.3	36.9	10.2

Notes: Source data is the National Insurance Institute Savings for Every Child Survey from 2017. Parents that have either only boys or only girls and actively opted in to deposit additional funds for at least one child.

The results in Table 5 highlight that the primary expectation among most parents

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 Ultra-Orthodox Jewish population, expectations are more diversified, with a significant emphasis on both weddings[19] and education. Yet, the survey clearly indicates that Ultra-Orthodox Jewish 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 trying to please the surveyor by the minority population;[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-Ultra-Orthodox 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.

In addition, the survey helps to show that other mechanism 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, the sub-population of parents with either boys or girls, no parent indicated that they expect the funds to be used for financing 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, Ultra-Orthodox Jewish 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 Ultra-Orthodox Jewish parents, there remains a relatively high percentage of parents who expect boys to use funds at

[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 Ultra-Orthodox Jewish 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 Ultra-Orthodox Jewish 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 Ultra-Orthodox Jewish population.

[20]In (Haran Rosen and Sade, 2022a) they 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

the child's discretion (or do not know their expectations, allowing more flexibility with the funds. We believe this will also provide the child with more independence regarding the use of the funds). Additionally, the response rate regarding this category is the same 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 observation further supports the notion that investment in the SECP is driven by the desire to invest in the human capital and education of future breadwinners.

6.2 Parent's academic attainment

To provide additional evidence that education attainment is the driving factor, we can investigate whether the parents' level of education influences the propensity to save more for boys or girls. It is conceivable that educated mothers, being more aware of the benefits, are more inclined to save for girls, while educated fathers might show a preference for saving for boys. It's important to acknowledge that a 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.

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. Ultra-Orthodox Jewish parents are more inclined to save for girls, whereas Arab parents tend to save more for boys. We also find that Ultra-Orthodox Jewish mothers with academic achievements of their own are more likely to save for girls. In contrast, among Arab and non-Ultra-Orthodox 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 for education is a leading effect in the Ultra-Orthodox Jewish population and that economic incentives are leading outcomes.

Table 6: Depositing additional funds for child in SECP by populations and parent's academic attainment

	Logit average marginal effects		
	Ultra-Orthodox Jewish	Arab	Other Jewish
Girl	0.02***	-0.02***	0.00
	(0.01)	(0.00)	(0.00)
MotherAcadAttainment * Girl	0.01*	-0.00	-0.00
	(0.00)	(0.00)	(0.00)
FatherAcadAttainment * Girl	-0.00	0.01	0.00
	(0.01)	(0.00)	(0.00)
MotherAcadAttainment	0.17***	0.25***	0.22***
	(0.01)	(0.01)	(0.00)
FatherAcadAttainment	0.22***	0.21***	0.26***
	(0.01)	(0.01)	(0.00)
Controls	YES	YES	YES
Observations	384,998	537,118	1,421,999
Pseudo R^2	0.08	0.12	0.11

Notes: Logit regressions with family fixed effects to account for the interdependence of observations within the same household. Average marginal effects are reported with standard errors in parentheses. The dependent variable is an indicator for depositing additional funds for a child in the SECP and mother's income divided by father's income. The primary explanatory variable is an indicator if the child is female. The regressions include additional interaction effects between the girl indicator and indicators if mother and father have academic attainment. Other controls, not presented here, include indicators for parents being married, the age of the child, indicators for the father's and mother's academic attainment, father's and mother's income, indicators if the father and mother receive an allowance from social security, and the parent's average age. The first column displays outcomes for the Ultra-Orthodox Jewish population, the second column for the Arab population, and the third column for the non-Ultra-Orthodox Jewish population. $^{*}p < 0.1$ $^{**}p < 0.05^{***}p < 0.01$

6.3 Religious scholars investigation - marriage market considerations

As previously mentioned in the setting and following the survey outcomes, the marriage market appears to be a significant concern, particularly in the Ultra-Orthodox Jewish population, where there seem to be more frictions leading to higher dowries or down payments for apartments Zupnik, 2022; Gordon, 2022; Regev and Gordon, 2022. To further explore the impact of the marriage market, we examine a subgroup within the Ultra-Orthodox Jewish 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 "Avrech") places greater emphasis on dowry and the wife's ability to support the husband (Zupnik 2022; Gordon 2022). These men receive a governmental allowance to practice religious studies, typically around USD 220 or NIS 800, and are less likely to earn external income. If they do receive external income, it tends to be relatively low (Zupnik 2022; 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 Ultra-Orthodox Jewish 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, no additional effect exists 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.

Table 7: Depositing additional funds for child in SECP if father is a religious scholar, Ultra-Orthodox Jewish population

Logit average marginal effects	
	Ultra-Orthodox Jewish
Girl	0.02***
	(0.01)
Father religious scholar * Girl	0.00
	(0.00)
Father religious scholar	-0.02**
	(0.01)
Controls	YES
Observations	384,998
Pseudo R^2	0.08

Notes: Logit regression with family fixed effects to account for the interdependence of observations within the same household. Data on Ultra-Orthodox Jewish population. Average marginal effects are reported with standard errors in parentheses. The dependent variable is an indicator for depositing additional funds for a child in the SECP. The primary explanatory variables is an indicator if the child is female, an indicator if father is a religious scholar "Avrech" and an interaction term between these two variables. Other controls, not presented here, include indicators for parents being married, the age of the child, indicators for the father's and mother's academic attainment, mother's income, indicators if the father and mother receive an allowance from social security, and the parent's average age. $^{*}p < 0.1$ $^{**}p < 0.05$$^{***}p < 0.01$

6.4 Bargaining power

The literature provides evidence that households where mothers have stronger bargaining power in family decision-making due to higher income, tend to allocate more resources to girls (e.g Dizon-Ross and Jayachandran 2022; Duflo 2003; Qian 2008). This observation

[21] In the specification bellow father's income and academic attainment are controlled for. Similar outcomes is size and significance are observed even when the controls for father's income and academic attainment are not incorporated in the regression.

is linked to the notion that mothers exhibit greater altruism towards their daughters compared to fathers. In order to investigate this mechanism, we conducted our prior regressions from the main specification on all children, augmenting them with an interaction term to investigate maternal bargaining power and gender preferences. Initially, we introduced a variable of mother's percent of wage out of household wage (derived from dividing the mother's income from work by the sum of the father's and mother's income from work), which should directly measure the mother's economic influence in the household. The outcomes, as outlined in Table 8, indicate that overall, increased maternal 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 stemming from maternal bargaining power. .

It should be noted that for the Ultra-Orthodox Jewish population, the mother's 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 Ultra-Orthodox Jewish 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. Additionally, it is interesting to note that, overall, the mother's bargaining power does not seem to affect differential savings for children by gender in any population. In these other populations, it is more likely that the variable is actually capturing the mother's bargaining power, yet we still find no effect.

When attempting to explain these outcomes, it is possible that maternal bargaining power in developed countries functions differently than in developing countries, where resources and opportunities are more limited. Additionally, maternal bargaining power in these groups may manifest as higher conservatism. Collectively, these findings suggest 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.

Table 8: Depositing additional funds for child in SECP by populations and mother's bargaining power in household

	Logit average marginal effects		
	Ultra-Orthodox Jewish	Arab	Other Jewish
Girl	0.013*	-0.02***	0.00
	(0.01)	(0.01)	(0.00)
Mother's Bargaining power * Girl	0.01	-0.01	-0.01
	(0.01)	(0.00)	(0.01)
Mother's Bargaining power	-0.23***	0.1**	0.26***
	(0.05)	(0.04)	(0.02)
Controls	YES	YES	YES
Observations	384,998	537,118	1,421,999
Pseudo R^2	0.08	0.12	0.12

Notes: Logit regressions with family fixed effects to account for the interdependence of observations within the same household. Average marginal effects are reported with standard errors in parentheses. The dependent variable is an indicator for depositing additional funds for a child in the SECP and mother's income divided by father's income. The primary explanatory variable is an indicator if the child is female, a variable on mother's bargaining power, derived from dividing the mother's income from work by the sum of the father's and mother's income from work, and an interaction term between these two variables. Other controls, not presented here, include indicators for parents being married, the age of the child, indicators for the father's and mother's academic attainment, father's and mother's income, indicators if the father and mother receive an allowance from social security, and the parent's average age. The first column displays outcomes for the Ultra-Orthodox Jewish population, the second column for the Arab population, and the third column for the non-Ultra-Orthodox Jewish population. $^{*}p < 0.1$ $^{**}p < 0.05$$^{***}p < 0.01$

7 Conclusions

This paper provides crucial evidence about the savings behaviors of parents towards children in savings programs based on their gender, offering insights into the root causes of gender bias in contemporary economies. We use administrative data and a unique case study in Israel to examine how parents make financial decisions regarding their children's savings accounts, specifically focusing on gender differences. This setting allows us to look at a very clean and direct financial decision - parents' decision to invest additional funds in their child's account. We zoom in on parents from religious/ethnic minorities, the Ultra-Orthodox Jewish and Arab populations, who share similar gender preferences but have different economic motivations regarding their daughters and sons' future earning potential (Table 1 presents summary of underlying forces and motivations).

Our findings show that economic factors take precedence. Ultra-Orthodox Jewish parents tend to invest more in their daughters' accounts, based in economic incentives, while Arab parents put extra money into their sons' accounts, reflecting their preferences and economic incentives towards boys. 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.

When we dig into the underlying factors and reasons behind these decisions, more

insights emerge that all point to economic incentives leading 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 intra-household 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 we provide evidence that parent's savings for children is based on rational behavior and response to economic incentives.

Understanding the source of gender bias can assist policymakers in targeting policies to mitigate potential disparities. As we show, parents are mainly influenced by economic incentives. This provides evidence of the importance of policy implications in the workforce and educational opportunities, including affirmative actions. Offering women better opportunities affects parental expectations and can lead to a change in parental investment in girls, resulting in even better labor market outcomes for girls. Additionally, policies promoting financial literacy and awareness can help individuals make informed decisions, thus reducing the impact of gender bias. These insights can also be used to better inform media campaigns aimed at raising savings in designated child savings accounts.

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 bias 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 (e.g. Goldin and Katz 2015; Goldin 2014; Goldin et al. 2006; Goldin 2006; Goldin and Katz 2002; Goldin 1990).

It is crucial for policymakers to identify populations with pronounced gender bias and address the perception that investing in girls (or boys) is less profitable. By fostering a supportive environment and offering targeted incentives to specific demographics, policymakers can motivate families and communities to invest in all children and acknowledge the long-term economic advantages of such investments.

At this point, it is important to highlight that the findings of this research align with prior studies (e.g. Haran Rosen and Sade 2022a), indicating that minority populations, irrespective of gender, exhibit an overall reduced likelihood to deposit additional funds for their children. An important discrepancy for policymakers to consider and account for.

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A Appendix 1 - full regression

Table A1: Depositing additional funds for child in SECP by populations

	Logit average marginal effects		
	Ultra-Orthodox Jewish	Arab	Other Jewish
Girl	0.02***	-0.02***	0.00
	(0.00)	(0.00)	(0.00)
Married	0.00	-0.09***	-0.11***
	(0.02)	(0.01)	(0.00)
Age of child	0.04***	-0.01***	-0.02***
	(0.00)	(0.00)	(0.00)
Father non-labor income	0.15***	0.22***	0.01
	(0.03)	(0.01)	(0.01)
Mother non-labor income	0.04	0.21***	0.08***
	(0.02)	(0.02)	(0.01)
Parents' average age	-0.03***	0.03***	0.01***
	(0.00)	(0.00)	(0.00)
Mother high wage	0.24***	0.11***	0.18***
	(0.01)	(0.01)	(0.00)
Mother low wage	-0.28***	-0.38***	-0.38***
	(0.01)	(0.01)	(0.01)
Father high wage	0.23***	0.13***	0.13***
	(0.02)	(0.01)	(0.01)
Father low wage	-0.26***	-0.15***	-0.15***
	(0.01)	(0.01)	(0.01)
Mother academic	0.17***	0.25***	0.
	(0.01)	(0.01)	(0.01)
Father academic	0.24***	0.24***	0.24***
	(0.01)	(0.01)	(0.01)
Controls	YES	YES	YES
Observations	384,998	537,118	1,421,999
Pseudo R^2	0.08	0.11	0.12

Notes: Data on first born child. Average marginal effects are reported with standard errors in parentheses. The dependent variable is an indicator for depositing additional funds for a child in the SECP. The primary explanatory variable is an indicator if the child is female. Other variables are controls and include indicators for parents being married, the age of the child, indicators for the father's and mother's academic attainment, father's and mother's income, indicators if the father and mother receive an allowance from social security, and the parent's average age. The first column displays outcomes for the Ultra-Orthodox Jewish population, the second column for the Arab population, and the third column for the non-Ultra-Orthodox Jewish population. $^{*}p < 0.1^{**}p < 0.05^{***}p < 0.01$