Matching on Money: Assortative Mating in Financial Behavior*

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Abstract

In this paper, we study assortative mating in financial decision-making using high-frequency administrative bank data from Iceland. We present evidence that partners match on a wide range of everyday financial decisions that can shape wealth accumulation beyond the effects of income, wealth and portfolio returns documented in the existing literature. Specifically, we show that individuals also assortatively match on specific saving and investment decisions, expenditure patterns, and even financial mistakes. We then study how these behaviors evolve around the time that couples cohabit, and our findings suggest that financial behavior is not only sorted on but can also be reinforced through intra-household spillovers. These results suggest that prudent financial management may be increasingly concentrated in certain households and costly financial mistakes in others, thus contributing to wealth inequality and gaps in the financial well-being of households in the long run.

[This is a very preliminary draft of the paper. We expect to have a full working paper ready by the time of the conference.]

Keywords: Assortative Mating, Financial Decision-Making, Wealth Inequality, Household Finance

JEL Codes: D14; D15; G51

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1 Introduction

How do partners' personal financial decisions contribute to wealth inequality across households? A large literature on assortative mating has shown that individuals match on income and education (e.g. Fernández and Rogerson, 2001; Fernández, Guner, and Knowles, 2005; Greenwood et al., 2014; Eika, Mogstad, and Zafar, 2019), and recent contributions show that matching extends to both parental and personal wealth (e.g. Fremeaux, 2014; Wagner, Boertien, and Gørtz, 2020; Fagereng, Guiso, and Pistaferri, 2025), highlighting each as sources of additional wealth inequality once individuals form households. Recent studies on the determinants of wealth inequality point to heterogeneity in individual *returns* to wealth as a crucial driver beyond labor income and returns to labor income (e.g. De Nardi and Fella, 2017; Fagereng et al., 2016), and Fagereng, Guiso, and Pistaferri, 2025 also present new evidence of positive assortative mating exactly on returns to wealth.

Yet, wealth accumulation is shaped not only by income, education, initial wealth, and portfolio returns, but also by a wide range of everyday financial decisions. A growing literature documents substantial heterogeneity in household financial behavior, including limited participation in risky asset markets, non-participation in tax-advantaged retirement accounts, excessive holdings of low-yield liquid assets, high-cost consumer credit use, overdraft usage, and late fee payments (e.g., Campbell, 2006; Calvet, Campbell, and Sodini, 2007; Agarwal, Skiba, and Tobacman, 2009; Choi, Laibson, and Madrian, 2011; Beshears et al., 2018). Many of these behaviors have been shown to have large and persistent consequences for household wealth accumulation and financial fragility. Despite this evidence, little is known about whether individuals assortatively match on these dimensions of financial decision-making when forming households.

If individuals assortatively match on financial decision-making, the consequences for wealth inequality may be substantial. Positive assortative mating among financially sophisticated or attentive individuals would concentrate prudent financial management within certain households, potentially accelerating wealth accumulation through higher participation in risky asset markets, greater pension savings, and lower fee payments. Conversely, if individuals who are prone to make costly financial mistakes disproportionately match with similar partners, financially fragile households may face compounded exposure to high-cost credit, overdraft fees, and forgone investment returns. In this way, assortative mating in financial behavior could amplify inequality beyond the effects of income, wealth, and portfolio returns documented in the

existing literature.

In this paper, we study assortative mating in financial decision-making using high-frequency administrative bank data from Iceland, covering about one-third of the population. The data allow us to observe detailed measures of household financial behavior, including liquidity management, the share of deposits held in low-yield checking accounts, participation in risky asset markets, participation in private pension savings, overdraft usage, co-holding of low-yield savings and high-cost consumer credit, and late fee payments. The data allow us to identify the timing of cohabitation of couples and trace back their financial behavior to before they became couples. This means that we can observe personal financial decisions both before and after individuals form their households and thus be able to study the matching process on pre-cohabitation financial behavior.

We present new evidence that partners match on personal financial decision-making. We first show that individuals with higher income or wealth are more likely to match with partners who also have higher income or wealth, which is in line with previous literature, and we also find similar positive assortative mating on returns to wealth as evidenced by Fagereng, Guiso, and Pistaferri, 2025. Then, we provide new evidence that positive assortative mating is present in even more granular personal financial decisions. Specifically, we find that individuals sort on specific saving and investment decisions: Individuals who participate in the stock market are more likely to form couples with other individuals who also participate in the stock market, overdraft users are more likely to form couples with other overdraft users, and pension contributors are more likely to form couples with other pension contributors. Likewise, we find evidence of assortative mating on financial mistakes: Sorting also occurs on having late fee payments. Third, we find that individuals are more likely to form couples with someone with similar expenditure patterns, suggesting that matching occurs on financial types even more closely. These findings hold conditional on having already sorted on economic resources.

Second, we investigate intra-household spillovers of financial decisions around cohabitation. Our preliminary findings suggest that partner influence can shape a wide range of financial decisions, beyond the patterns of pre-cohabitation sorting. For example, while we observe that individuals who hold risky assets tend to form couples with partners who also hold risky assets, we also see that such investment decisions can spill over within a household after cohabitation: Individuals who previously did not hold risky assets are more likely to do so following cohabitation if their partner already did. These patterns extends beyond investment choices that shape

wealth accumulation, as we also find that costly financial decisions can be reinforced within households.

We contribute to three main strands of literature. First, we contribute to the literature on assortative mating, including several important contributions presenting evidence on how individuals sort on income, education, initial wealth and portfolio returns (e.g. Fernández, Guner, and Knowles, 2005; Fremeaux, 2014; Greenwood et al., 2014; Eika, Mogstad, and Zafar, 2019; Wagner, Boertien, and Gørtz, 2020; Fagereng, Guiso, and Pistaferri, 2025). This paper is, to the best of our knowledge, the first to investigate sorting on everyday financial decision-making. We thus contribute with new evidence on the financial decisions that could be part of the behavioral foundation underlying the evidenced matching on the levels of and returns to wealth, as well as specific financial decisions that can amplify inequality beyond these sources through possible detrimental impacts to the financial well-being of the household in the long run.

Second, our findings have implications for our understanding of household wealth formation and the drivers of wealth inequality, contributing to the large literature on the drivers of wealth concentration and inequality (see, e.g. Benhabib, Bisin, and Luo, 2019, Fagereng et al., 2020 and De Nardi and Fella, 2017). Wealth inequality is typically measured at the household level and thus after individuals have sorted into couples and formed their households, but very little is known about what happens at or prior to household formation, masking potential root causes and amplifiers of wealth inequality. Our findings imply that individuals sort on even more granular financial decisions and underlying financial behavior than levels of income and wealth, yielding new evidence on the behavioral foundation for household wealth formation. In particular, we see positive assortative mating on financial mistakes, from which missed opportunities or substantial losses may accumulate over time and affect household welfare and stability in the long-run, thus adding an additional source of wealth inequality depending on how couples allocate financial responsibilities.

Third, our paper contributes to an active literature on heterogeneity in household financial behavior. Studies in this literature have consistently documented the prevalence of inaction and specific financial mistakes across a wide range of financial decisions, all of which can have large consequences for wealth accumulation and financial stability of both individuals and households. For example, low or even no participation in tax-advantaged retirement accounts is a well-established phenomena in the retirement savings literature, including a lack of response

to changes in incentives to save for retirement (see, e.g., Madrian and Shea, 2001; Thaler and Benartzi, 2004; Chetty et al., 2014; Andersen, 2018; Andersen et al., 2025). Moreover, limited participation in risky asset markets has given rise to an extensive literature that seeks to explain non-participation and to assess the associated welfare losses of suboptimal investment decisions (see e.g. Calvet, Campbell, and Sodini, 2007 and Gomes, Haliassos, and Ramadorai, 2021 for a recent overview of the participation literature). A growing literature also presents evidence of financial mistakes in relation to consumer credit products, highlighting persistent consequences for financial stability of households (e.g. Agarwal and Mazumder, 2013; Allcott et al., 2022; Carvalho, Olafsson, and Silverman, 2024).[1] We contribute new evidence on assortative mating on these dimensions of financial decision-making, which can both imply an amplification of the welfare costs of such financial mistakes as well as increase the gap in wealth accumulation prospects across households.

Lastly, our findings relate to the literature on gender differences in financial behavior, which consistently shows persistent gender gaps in financial choices such as saving, portfolio choice, and risky asset market participation (e.g., Olafsson and Thornquist, 2018; Ke, 2021; Gomes, Haliassos, and Ramadorai, 2021; Guiso and Zaccaria, 2023; Bacher, 2025).

Iceland is a particularly interesting setting in which to study assortative mating in personal finance. The country consistently ranks low on wealth and gender inequality in international comparisons, and yet we still see evidence of assortative mating on, for example, labor income, to a similar extent as in other countries. The fact that we find assortative mating in financial decision-making even in this context suggests that the wealth inequality consequences could possibly be further amplified in other contexts.

This paper is organized as follows. In section 2, we describe the data and the institutional setting. Section 3 presents our preliminary findings on assortative mating in financial decision-making and spillovers in financial decisions around cohabitation. Finally, section 4 offers concluding remarks.

[1] Another strand of the literature is, similarly, presenting evidence of financial mistakes in relation to mortgage refinancing (e.g. Keys, Pope, and Pope, 2016; Agarwal, Ben-David, and Yao, 2017; Andersen et al., 2020).

2 Data and Institutional Setting

2.1 Data Description

Our analysis uses administrative data from one of Iceland's largest retail banks. The bank provides us with access to a comprehensive, highly disaggregated panel on personal finances that covers roughly one third of the Icelandic adult population. The raw files include individual, spousal and family identifiers; rich demographic information; detailed payment-card and account transactions (timestamp, location, merchant, spending category, and amount), which we use to construct category-level consumption measures; end-of-period balances for all deposit accounts; overdraft limits and utilization; credit card limits and spending; the universe of loans (including mortgages, car loans/leases, and unsecured consumer credit); and investment account information, including daily portfolio composition and all purchases and sales of stocks, bonds, and funds.

2.2 Using Bank Transactions to Measure Financial behavior

High-quality, high-frequency panel evidence on individual consumption and financial choices is difficult to obtain (see, e.g., Gelman et al., 2014; Kolsrud, Landais, & Spinnewijn, 2018). Many empirical studies therefore rely on self-reported survey measures for outcomes such as spending, consumer credit use, and participation in risky asset markets. As emphasized by Kolsrud, Landais, and Spinnewijn, 2018, these survey-based measures can be problematic: respondents must recall balances at the interview date (or approximate "typical" balances), while spending is often elicited using stylized questions about broad expenditure groups over a reference horizon or via diary designs (e.g., the Consumer Expenditure Survey (CEX) in the U.S. and the Living Costs and Food Survey (LCF) in the U.K.). These approaches can introduce substantial measurement error (Zinman, 2009), for example because respondents have weak incentives to report precisely, misunderstand questions, or forget past transactions. In addition, recall error tends to grow with the length of the reporting window (de Nicola & Giné, 2014). Survey data can also be systematically biased if respondents answer in ways that reflect agreement/justification motives rather than realized behavior, worry about confidentiality, or face stigma around specific consumption patterns (Karlan & Zinman, 2008).

A related strand of work mitigates some of these issues by using administrative register data (especially in Nordic countries) containing annual income and year-end snapshots of asset

positions. These annual records have been used to study behaviors such as stock market participation and portfolio diversification (see, e.g., Calvet, Campbell, & Sodini, 2009; Olafsson & Thornquist, 2018), and to impute consumption and returns (see, e.g., Koijen, Van Nieuwerburgh, & Vestman, 2014; Browning & Leth-Petersen, 2003; Sodini et al., 2016; Fagereng & Halvorsen, 2017; Fagereng, Guiso, & Pistaferri, 2017; Fagereng et al., 2020; Bach, Calvet, & Sodini, 2020; Fagereng, Holm, & Natvik, 2021). Koijen, Van Nieuwerburgh, and Vestman, 2014 also document meaningful gaps between registry-based and survey-based measures.

While administrative registers address several survey limitations, both registers and surveys typically come at low frequency. This is restrictive for questions involving outcomes that change quickly over time, including trading and participation in risky asset markets. For example, an annual portfolio snapshot may classify an individual as a non-participant even if she entered and exited the market between reporting dates.

We address these limitations by exploiting transaction-level administrative data from a retail bank. The data are available at high frequency and record realized balances, flows, and portfolio actions.

2.3 Institutional Setting

Iceland is a particularly advantageous environment for studying individual financial decision-making for three reasons. First, consumers rely almost entirely on electronic payment instruments,[2] which implies that bank transactions capture a large share of households' financial activity relative to settings where cash use is more prevalent.

Second, the bank data are unusually representative for transaction-level bank datasets. The collaborating bank serves a large fraction of the population, reducing concerns that the sample reflects a narrow, selective customer base. Moreover, essentially all adults in Iceland must hold a bank account,[3] which further limits selection into banked status. Olafsson and Pagel, 2017, Carvalho, Olafsson, and Silverman, 2024, and Cirelli and Olafsson, 2025 discuss in greater detail why Icelandic bank data tend to be broadly representative.

Third, Icelandic deposit accounts are strictly individual and cannot be shared, including within couples. The absence of joint accounts implies that the transactions we observe can

[2] ATM withdrawals account for approximately 1% of spending transactions, whether measured by total value or by transaction volume.

[3] This reflects several institutional features. For example, checks are not used, and receiving wage payments or government transfers (e.g., benefits) requires an account.

be attributed to the focal individual rather than being mechanically pooled with a partner's activity. This institutional feature improves measurement and allows us, for instance, to identify transfers between partners directly. Furthermore, the bank's coverage extends to roughly one third of the population, and the customer base closely matches the underlying population, cf. Table 1 which benchmarks customer demographics against population-wide statistics from Statistics Iceland.

Table 1: Representativeness

2023	**Iceland**	**Active Clients**
Total	272,539	86,484
Women	49%	49%
Married	54%	55%
Residing in the capital	64%	64%
Children (if >0)	1.8	1.8
Age		
Mean	46.5	45.9
Shares:		
18-20	0.05	0.04
20-30	0.19	0.20
30-40	0.18	0.19
40-50	0.17	0.17
50-60	0.16	0.17
60+	0.25	0.23

2.4 Sample and Descriptive Statistics

We start from a daily panel of spending, income, borrowing, saving, and investing that spans January 2018 through September 2024. Our analyses are based on a sample of 5,424 individuals recorded by Statistics Iceland as having initiated cohabitation between 2018 and 2023 and who appear to bank exclusively with the collaborating bank and are "active" customers according to the following definition: They are Icelandic residents and older than 18, they have a checking account at the bank, and they appear to be actively using their account for monthly income inflows. [Table X presents summary statistics for the resulting sample.]

3 Results

3.1 Assortative Mating in Financial Behavior

In the following figures, we document assortative mating patterns in financial decisions. Any pre-cohabitation information in these figures refers to event time -24, i.e. two years before the month that the couple starts cohabiting. We first present visual evidence in the form of simple bar charts and binscatter plots, where the y-axis shows the average percentile rank of the female partners for each percentile rank of the male partners. If matching is perfect, we would expect to see a 45-degree line such that the average percentile rank is the same across partners in a couple. Whereas if matching is completely random, unconditional and conditional shares would be the same, and we would expect to see no trend, i.e. simply a horizontal line. We also report the Spearman rank correlation coefficient, which in the extreme cases would be $\rho = 0$ in the case of completely random matching and $\rho = 1$ in the case of perfect, positive matching.

Second, we consider the same patterns in formal regressions:

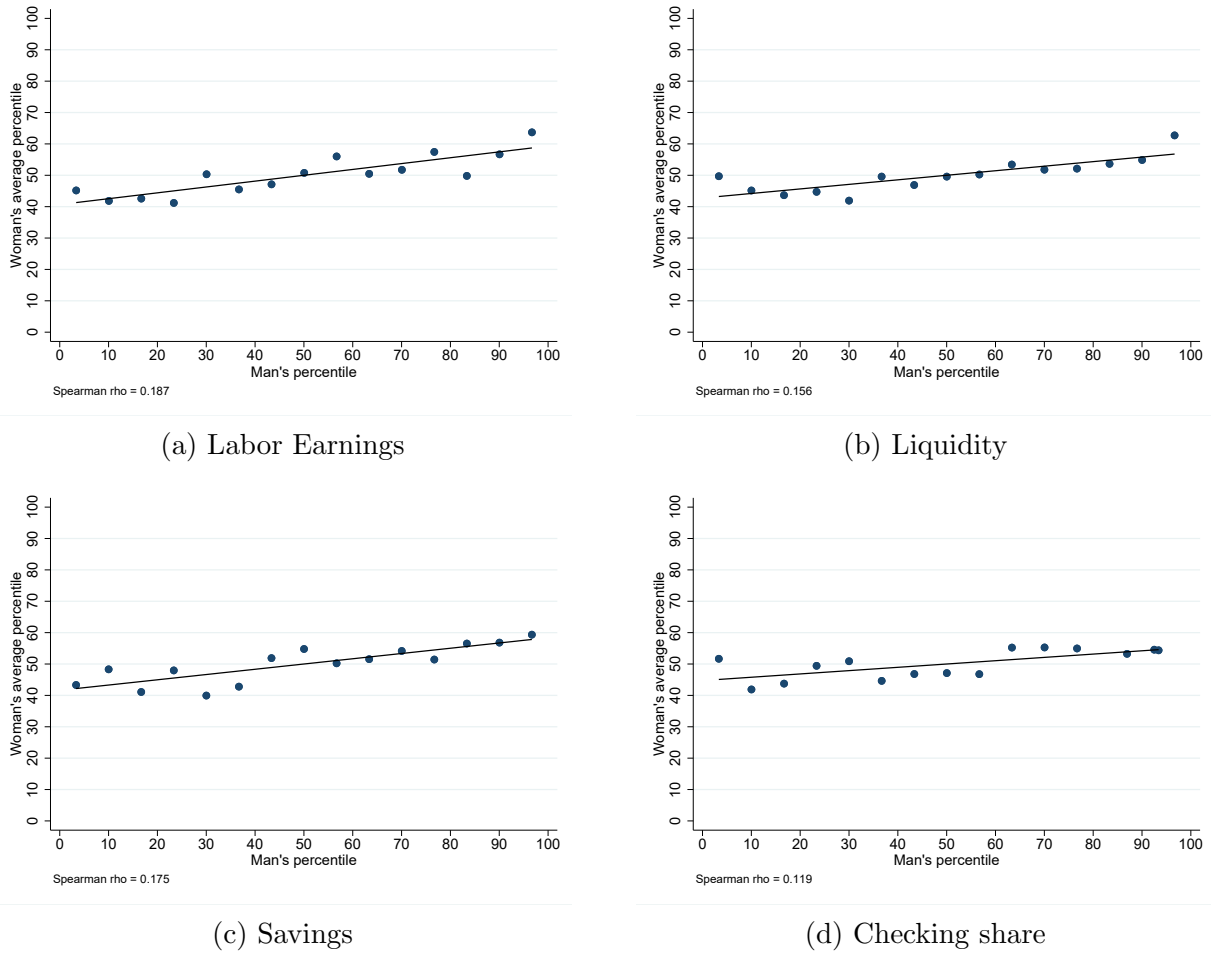
$$P(d_{m,t-24}) = \beta P(d_{f,t-24}) + X'\gamma_X + \varepsilon \tag{1}$$

where $P(d_{j,t-24})$ is the percentile position for a financial decision d of the spouse $j = m, f$ measured 24 months before the couple starts cohabiting, X is a vector of controls, and ε is an i.i.d error term. The coefficient of interest, β, measures the extent of assortative mating in financial decision d. A positive coefficient indicates that higher-percentile men assortatively match with higher-percentile women. We also report regression results for indicator variables, where β measures the pct. point difference in the probability of spouse j making a specific financial decision given that their spouse has also made this particular decision. Each table of regression results also presents a column where we control for age and cohabitation year fixed effects. In the last two columns of each table, we check whether the assortative mating identified for a particular financial decision is driven by already established assortative mating on economic resources that may correlate with the financial decision. We do so by first including all possible interactions of the woman's and man's resource quartiles (16 cells), defined as their deposits minus any overdraft. In the last column, we instead include all possible interactions

of the woman's and man's income quartiles (16 cells).[4]

In Figure 1, we present the relationship between the man's percentile of economic resources and the average percentile of his female partner. All of these figures display a positive relationship: Men who were in higher resource percentiles two years prior to cohabiting with their partner tend to have a partner who were also in a higher resource percentile, and vice versa. Higher-resource men thus assortatively match with higher-resource women. This pattern holds across labor income as well as liquid assets and savings, which is in line with existing literature.

Figure 1: Assortative Mating in Income and Savings



(a) Labor Earnings

(b) Liquidity

(c) Savings

(d) Checking share

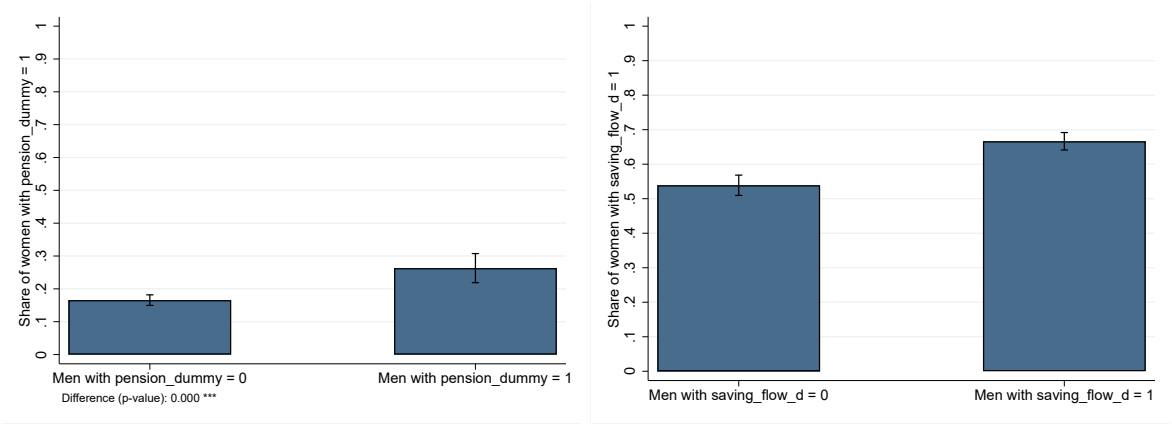
Notes: The figures plot the relationship between the average percentile of the female partner's pre-cohabitation income/wealth measure by the male partner's percentile. All information is measured two years before the month that the couple is recorded as having initiated cohabitation. The salary measure includes inflows that are either earmarked as salary income by the bank or the individual has received at least four inflows from the same non-family counterpart. Liquidity is defined as checking account balances + savings account balances + overdraft limits - overdraft balances + credit card limits - credit card balances + prepaid credit card balances.

Figures 2 and 3 present evidence on assortative mating in savings, private pension participation and financial portfolio choice. In panel (a) of Figure 2, we see that individuals who contributed to a private pension scheme pre-cohabitation are more likely to be in a couple

[4]Since we don't have income information for the first two cohabitation years of the data, this last column is based on fewer individuals.

with individuals who also contributed to a private pension scheme. Among the men who had positive private pension contributions, 26 pct. of their female partners also had positive private pension contributions prior to cohabitation, compared to 17 pct. for those who form couples with men with no pension contributions. Panel (b) shows that there is a larger share of women who make transfers to a savings account among those who end up in a couple with a man who also make transfers. Furthermore, panel (a) of Figure 3 shows that there is positive assortative mating in financial portfolios, and panel (b) shows that sorting also occurs along risky asset market participation: There is a much larger share of women participating pre-cohabitation among the couples where the man was also participating pre-cohabitation.

Figure 2: Assortative Mating in Saving Behavior



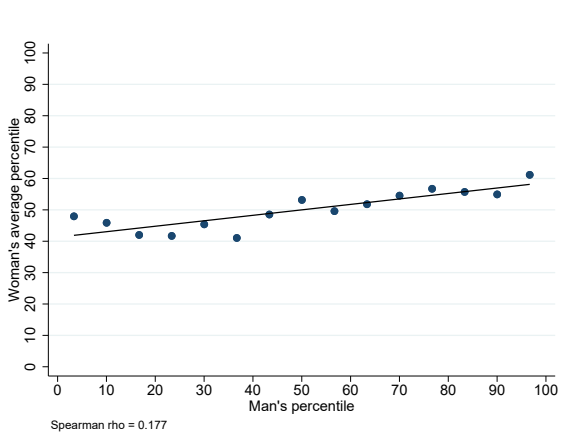
(a) Pension (indicator) (b) Transfer to Savings (indicator)

Notes: This figure plots the share of female partners who contributed to a private pension scheme two years before cohabitation conditional on whether the male partner contributed to a private pension scheme or not.

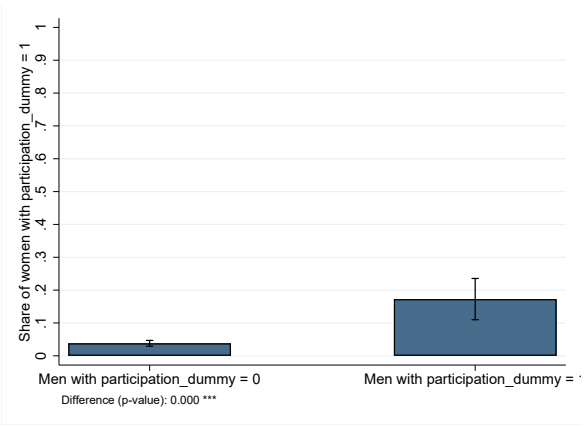
Figure 4 strikingly shows that individuals also assortatively match on overdraft usage and late fee payments. Specifically, there is a large and significant difference between the share of female overdraft users among couples where the men were in overdraft prior to cohabitation and where the men who were not in overdraft. Likewise, individuals with late fee payments, an unambiguous financial mistake, are more likely to form couples with individuals who also had late fee payments. These are types of behaviors that can have large and persistent consequences for household wealth accumulation and financial fragility.

Figure 5 suggests that matching occurs on financial types even more closely. In these figures, we present findings of assortative mating in selected expenditure patterns. Specifically, individuals who spend more money on fastfood and alcohol, who buy lotteries, and who have fitness memberships, are more likely to match with individuals who had similar expenditure choices prior to cohabitation. One interpretation of these patterns is that individuals who

Figure 3: Assortative Mating in Portfolio Choice



(a) Financial portfolio

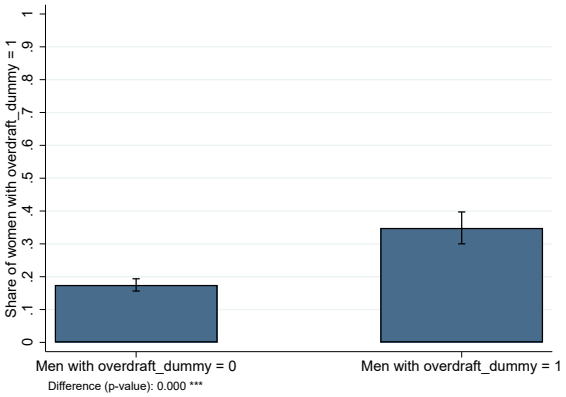


(b) Risky asset market participation (indicator)

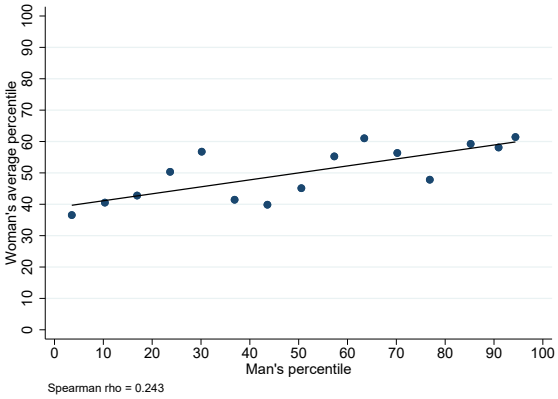
Notes: Panel (a) plots the relationship between the average percentile of the female partner's pre-cohabitation financial portfolio by the male partner's percentile, and panel (b) plots the share of female partners who held risky assets split by whether their male partner also held risky assets or not prior to cohabitation. All information is measured two years before the month that the couple is recorded as having initiated cohabitation. The financial portfolio is defined as the sum of cash holdings and financial assets and is assessed on the last day of a month. Risky asset market participation is an indicator that is one if the individual held any non-cash assets.

are less prone to behavior associated with for example temptation tend to form couples with similar individuals, concentrating specific behavior types in certain households that might have compounding effects over the life-cycle.

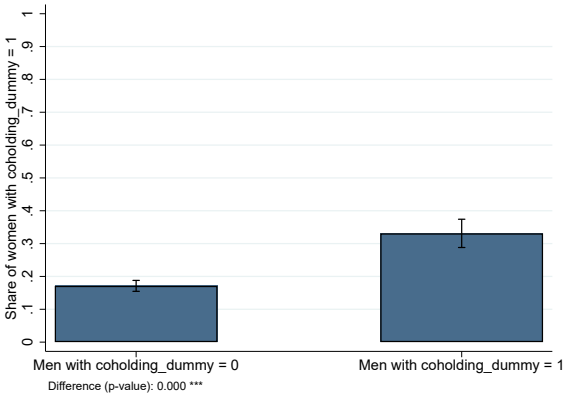
Figure 4: Assortative Mating in Overdraft Usage and Late Fees



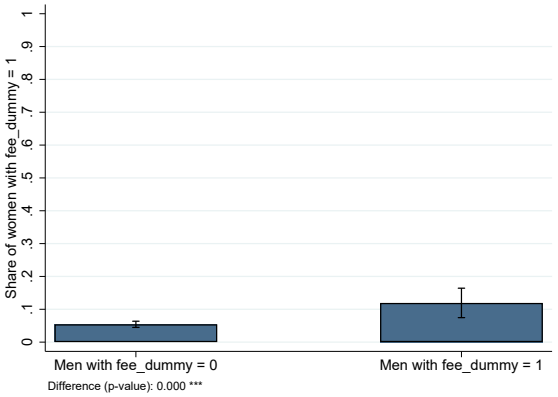
(a) Overdraft (indicator)



(b) Overdraft balance



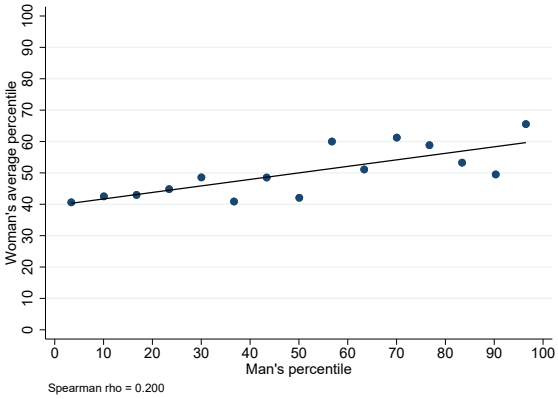
(c) Coholding (indicator)



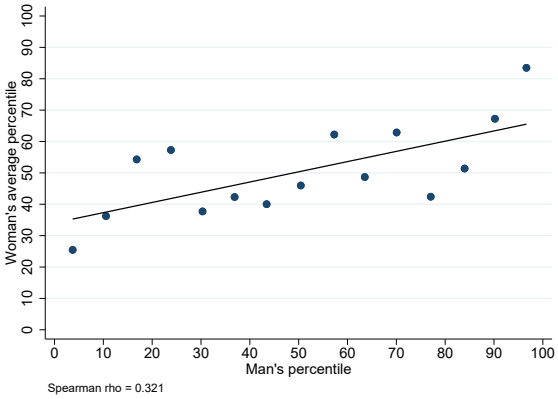
(d) Late fees (indicator)

Notes: Panels (a), (c) and (d) plot the share of female partners who were in overdraft, were coholding, and had late fee payments, respectively, conditional on the same indicator for the male partner prior to cohabitation. All information is measured two years before the month that the couple is recorded as having initiated cohabitation. Panel (b) plots the relationship between the average percentile of the female partner's pre-cohabitation overdraft balance by the male partner's percentile, conditional on being in overdraft.

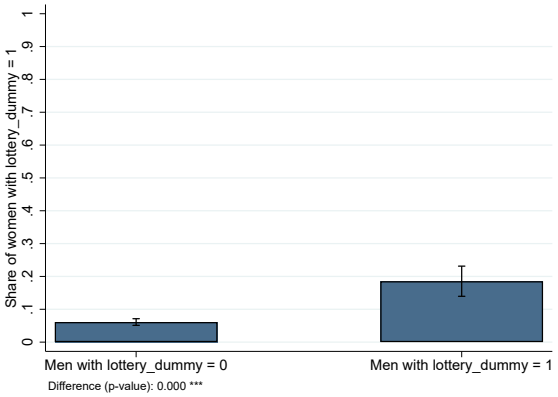
Figure 5: Assortative Mating in Expenditure Patterns



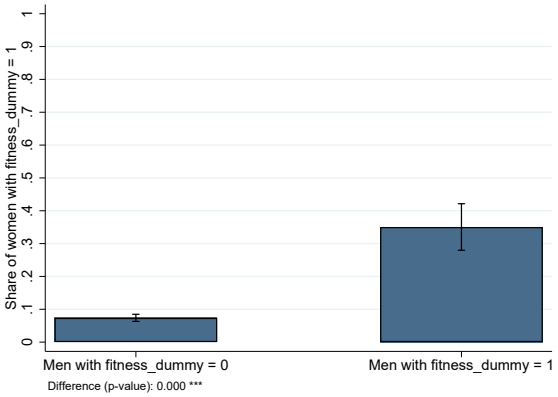
(a) Fastfood (conditional)



(b) Alcohol (conditional)



(c) Lotteries (indicator)



(d) Fitness (indicator)

Notes: Panels (a) and (b) plot the relationship between the average percentile of the female partner's pre-cohabitation expenditures on fastfood and alcohol, respectively, by the male partner's expenditures on the same categories. Panels (c) and (d) plot the share of female partners who spent money on lotteries and fitness memberships, respectively, conditional on the same indicator for the male partner prior to cohabitation. All information is measured two years before the month that the couple is recorded as having initiated cohabitation.

All of the above figures present evidence of positive assortative mating in a wide range of everyday financial behaviors. However, this is simply visual evidence, and we therefore now turn to formal regressions. Table X and X present the results of regression equation (1) across all the financial outcomes. In Table X, we see the correlation in percentile ranking of the partners in column (1). Across all outcomes, we find evidence of positive assortative mating. Likewise, Table X shows the percentage point increase in the likelihood of making a particular financial decision if the partner has also made such a decision. In both tables, column (2) presents the findings controlling for age and cohabitation year fixed effects, and columns (3) and (4) importantly show that assortative mating remains significant even if we account for matching on resources or income.

To test the robustness of the documented patterns of assortative mating, we re-shuffle spouses among the individuals in the sample and randomly assign each individual a different spouse. The results are shown in the appendix tables X and X, consistently showing no evidence of assortative mating in the placebo case.

Our findings have important implications. Assortative mating in financial decision-making can amplify inequality beyond the effects of income, wealth, and portfolio returns documented in the existing literature. We specifically see that couples sort on both prudent and suboptimal financial management, which can contribute to long-run gaps in financial well-being of households.

3.2 Spillovers in Financial Behavior

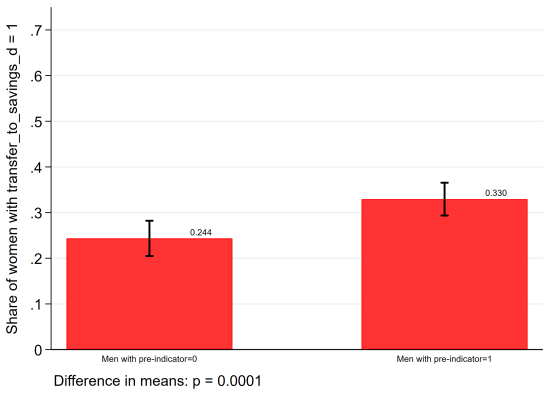
Our data have allowed us to present evidence that individuals sort on financial decision-making to an even more granular degree than what has previously been shown in the literature about matching on wealth. Such sorting can in itself amplify wealth inequality across households if prudent financial management is increasingly concentrated in certain households and costly financial mistakes in others. In this section, we move beyond the patterns of pre-cohabitation sorting to investigate whether cohabitation further reinforces or reshapes these patterns of financial behavior. In other words, we analyze whether cohabiting partners influence one another's financial decisions.

We first present graphical evidence of financial decision spillover around cohabitation. In this version of the paper, we present preliminary results for specific financial decisions that

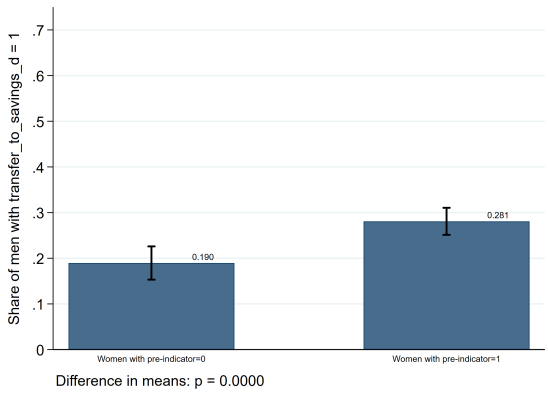
can have large and persistent consequences for household wealth accumulation and financial fragility: Saving propensity, risky asset market participation, overdraft usage, lottery expenditures, late fee payments and pension saving participation. Each figure presents results for men and women separately. The sample includes individuals who did *not* engage in a particular financial behavior prior to cohabitation, and the figures show how large a share of these individuals then *do* make such financial decisions following cohabitation, depending on whether their spouse did or did not make such decisions prior to cohabitation. We thus investigate the following question: Are people more likely to start engaging in certain financial decisions after cohabitation if they move in with a partner who previously made such decisions?

This analysis is ongoing, but our preliminary findings suggest that people who cohabit with a partner who engaged in a particular financial decision pre-cohabitation are more likely to engage in this behavior themselves following cohabitation. Thus, individuals are influenced by their partners' pre-cohabitation financial behavior beyond sorting. This holds across a wide range of financial behaviors. Specifically, Figure 6 shows that individuals who did not make any transfers to their saving accounts prior to cohabitation and who cohabit with a partner who did make saving transfers pre-cohabitation are more likely to start making saving transfers themselves compared to those who cohabit with a partner who also did not make any saving transfers. Likewise, Figure 7 shows that the share of individuals who start participating in the stock market following cohabitation is higher for those who cohabit with someone who previously participated in the stock market compared to those who cohabit with someone who did not previously participate. We also see evidence of spillovers in overdraft usage and the propensity to participate in lotteries, cf. Figures 8 and 9. Interestingly, the increased propensity to be in overdraft when forming a couple with a pre-cohabitation overdraft user appears to be larger for men impacted by their female partners than for women impacted by their male partners.

Figure 6: Transfer to Savings: Spillovers in Financial Decisions Around Cohabitation



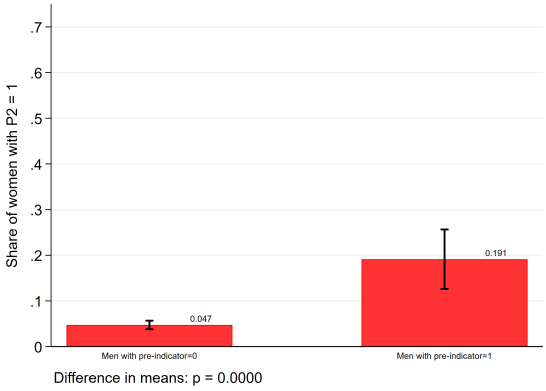
(a) Post-cohab effect on women



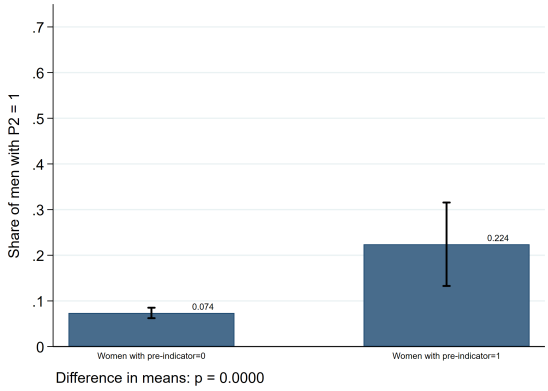
(b) Post-cohab effect on men

Notes: This figure presents evidence of spillovers in financial decisions around cohabitation. Each panel shows the share of spouses who make a particular financial decision *after* cohabitation (calculated as an average over a window of 13 months after cohabitation), depending on whether their spouse made that financial decision *prior to* cohabitation (calculated as the maximum over a window from 30 to 24 months prior to cohabitation). Shares are presented separately for men and women. Spouses (on the y-axis) are restricted to have a pre-cohabitation indicator equal to zero in their first observed month in the window between 30 and 20 months prior to cohabitation such that all figures focus on a sample of individuals who had *not* participated in a particular financial decision prior to couple formation.

Figure 7: Risky Asset Market Participation: Spillovers in Financial Decisions Around Cohabitation



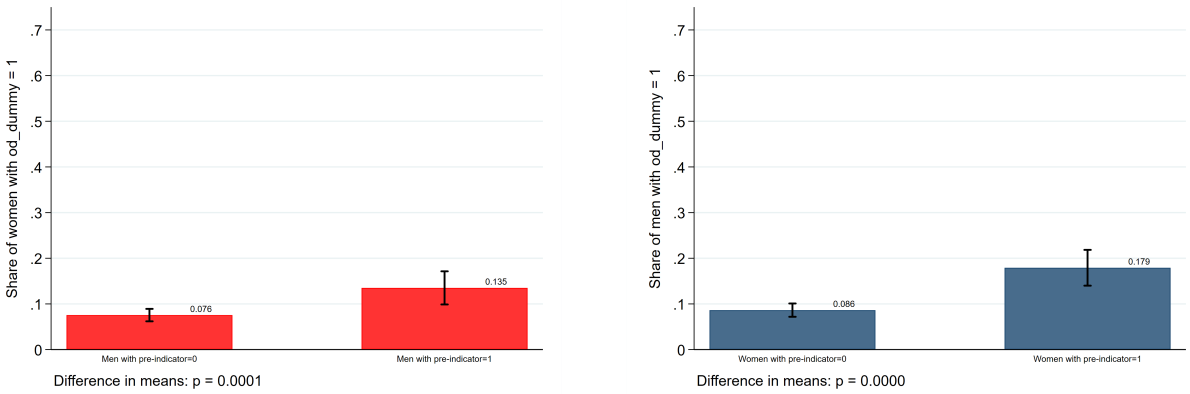
(a) Post-cohab effect on women



(b) Post-cohab effect on men

Notes: This figure presents evidence of spillovers in financial decisions around cohabitation. Each panel shows the share of spouses who make a particular financial decision *after* cohabitation (calculated as an average over a window of 13 months after cohabitation), depending on whether their spouse made that financial decision *prior to* cohabitation (calculated as the maximum over a window from 30 to 24 months prior to cohabitation). Shares are presented separately for men and women. Spouses (on the y-axis) are restricted to have a pre-cohabitation indicator equal to zero in their first observed month in the window between 30 and 20 months prior to cohabitation such that all figures focus on a sample of individuals who had *not* participated in a particular financial decision prior to couple formation.

Figure 8: Overdraft: Spillovers in Financial Decisions Around Cohabitation

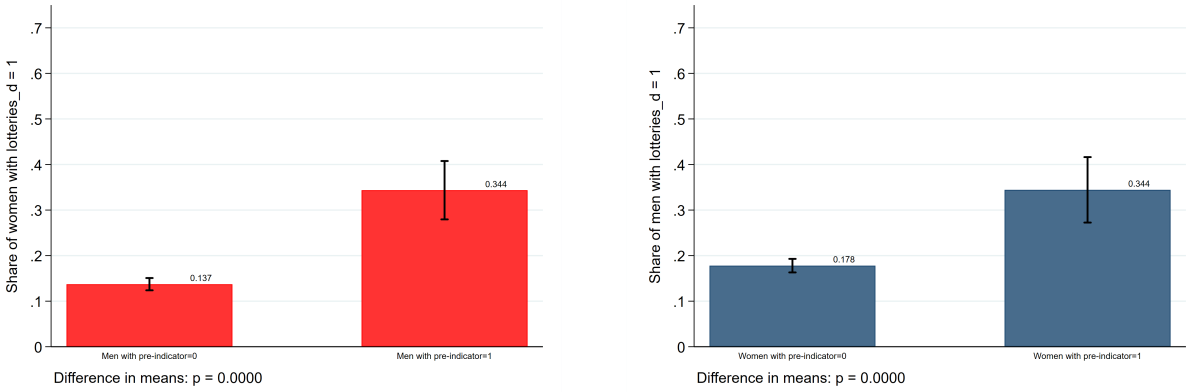


(a) Post-cohab effect on women

(b) Post-cohab effect on men

Notes: This figure presents evidence of spillovers in financial decisions around cohabitation. Each panel shows the share of spouses who make a particular financial decision *after* cohabitation (calculated as an average over a window of 13 months after cohabitation), depending on whether their spouse made that financial decision *prior to* cohabitation (calculated as the maximum over a window from 30 to 24 months prior to cohabitation). Shares are presented separately for men and women. Spouses (on the y-axis) are restricted to have a pre-cohabitation indicator equal to zero in their first observed month in the window between 30 and 20 months prior to cohabitation such that all figures focus on a sample of individuals who had *not* participated in a particular financial decision prior to couple formation.

Figure 9: Lotteries: Spillovers in Financial Decisions Around Cohabitation



(a) Post-cohab effect on women

(b) Post-cohab effect on men

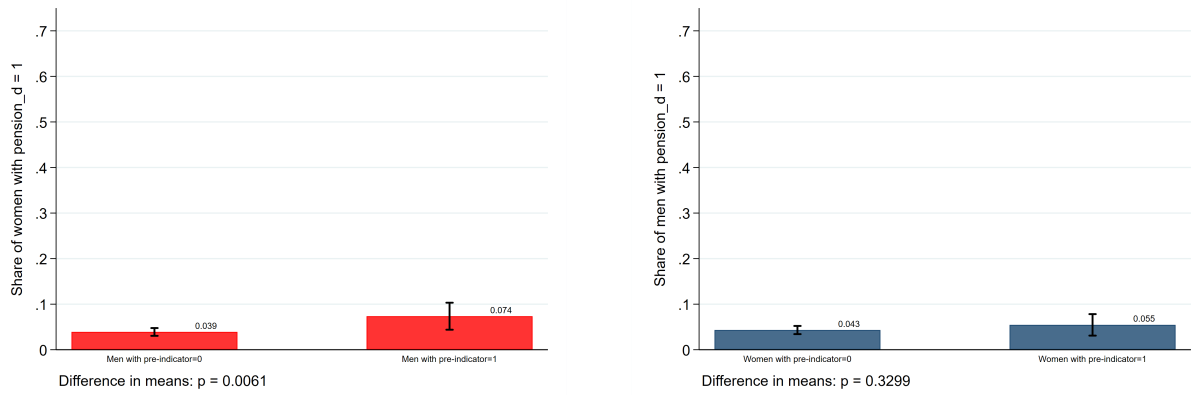
Notes: This figure presents evidence of spillovers in financial decisions around cohabitation. Each panel shows the share of spouses who make a particular financial decision *after* cohabitation (calculated as an average over a window of 13 months after cohabitation), depending on whether their spouse made that financial decision *prior to* cohabitation (calculated as the maximum over a window from 30 to 24 months prior to cohabitation). Shares are presented separately for men and women. Spouses (on the y-axis) are restricted to have a pre-cohabitation indicator equal to zero in their first observed month in the window between 30 and 20 months prior to cohabitation such that all figures focus on a sample of individuals who had *not* participated in a particular financial decision prior to couple formation.

Table 2 and 3 present regression results of the spillover impacts. In the first table, we show the financial spillovers on women. Each estimate shows the difference in participation in a

particular financial decision post-cohabitation for women between those who cohabit with a partner who previously participated in such a decision and those who cohabit with a partner who did not. Column (1) includes no controls, which column (2) controls for age fixed effects. Column (3) shows that all of these mentioned spillover effects remain significantly different from zero even conditional on assortative mating on income two year prior to cohabitation.

However, there are also financial decisions where we do not find evidence of convergence beyond the initial sorting. In Section 3.1, we presented evidence of assortative mating in private pension participation and in the propensity to have been subject to late fee payments. If we focus in on individuals who did not previously have private pension contributions, Figure 10 shows that there is not much difference in pension participation following cohabitation between those who cohabit with a partner who previously participated and those who cohabit with a partner who did not previously participate. Tables 2 and 3 also show that there are no significant differences for men, and that there is a small significant difference for women, which is no longer significant if we condition on income. Likewise, Figure 11 and the regression results do not suggest spillovers in late fee payments. In both these types of financial decisions, the correlation therefore appears to mainly be driven by initial sorting.

Figure 10: Pension (Indicator): Spillovers in Financial Decisions Around Cohabitation

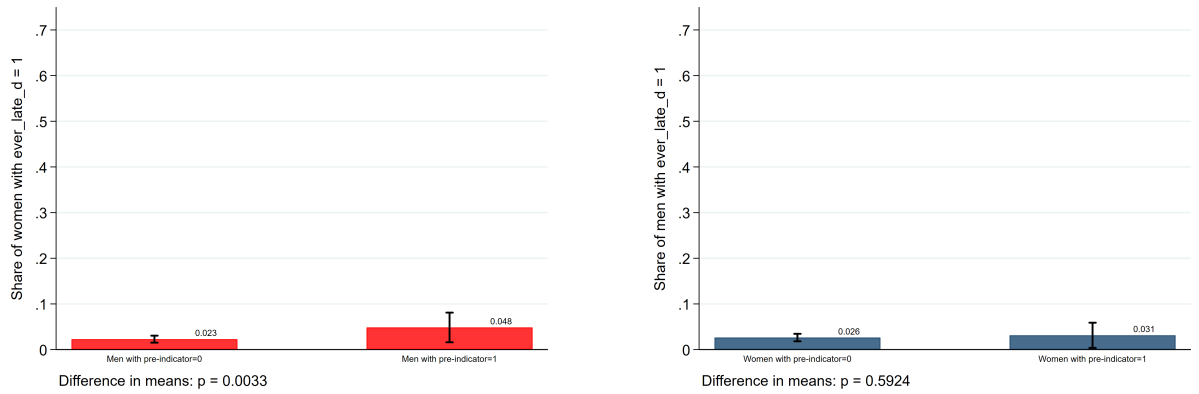


(a) Post-cohab effect on women

(b) Post-cohab effect on men

Notes: This figure presents evidence of spillovers in financial decisions around cohabitation. Each panel shows the share of spouses who make a particular financial decision *after* cohabitation (calculated as an average over a window of 13 months after cohabitation), depending on whether their spouse made that financial decision *prior to* cohabitation (calculated as the maximum over a window from 30 to 24 months prior to cohabitation). Shares are presented separately for men and women. Spouses (on the y-axis) are restricted to have a pre-cohabitation indicator equal to zero in their first observed month in the window between 30 and 20 months prior to cohabitation such that all figures focus on a sample of individuals who had *not* participated in a particular financial decision prior to couple formation.

Figure 11: Late fees: Spillovers in Financial Decisions Around Cohabitation



(a) Post-cohab effect on women

(b) Post-cohab effect on men

Notes: This figure presents evidence of spillovers in financial decisions around cohabitation. Each panel shows the share of spouses who make a particular financial decision *after* cohabitation (calculated as an average over a window of 13 months after cohabitation), depending on whether their spouse made that financial decision *prior to* cohabitation (calculated as the maximum over a window from 30 to 24 months prior to cohabitation). Shares are presented separately for men and women. Spouses (on the y-axis) are restricted to have a pre-cohabitation indicator equal to zero in their first observed month in the window between 30 and 20 months prior to cohabitation such that all figures focus on a sample of individuals who had *not* participated in a particular financial decision prior to couple formation.

Table 2: Spillovers in Financial Behavior: Women's Post-Cohabitation Decisions Depending on Their Partner's Previous Decisions

	(1)	(2)	(3)	(4)
Transfer to Savings	0.0860***	0.0575**	0.0683***	0.0929***
	(0.0221)	(0.0227)	(0.0250)	(0.0335)
Risky Asset Market Participation	0.144***	0.136***	0.137***	0.145***
	(0.0318)	(0.0318)	(0.0317)	(0.0367)
Overdraft	0.0596***	0.0574***	0.0519***	0.0591***
	(0.0175)	(0.0178)	(0.0186)	(0.0195)
Lotteries	0.206***	0.179***	0.176***	0.166***
	(0.0314)	(0.0292)	(0.0290)	(0.0284)
Pension	0.0346**	0.0328**	0.0358**	0.0243
	(0.0157)	(0.0158)	(0.0164)	(0.0154)
Late Fees	0.0256**	0.0237*	0.0203	0.0247*
	(0.0130)	(0.0128)	(0.0127)	(0.0131)
Controls				
Age fixed effects	N	Y	Y	Y
Resource quartile$_m$ × Resource quartile$_f$	N	N	Y	N
Income quartile$_m$ × Income quartile$_f$	N	N	N	Y

Notes: The coefficient captures the difference in post-cohabitation financial decisions for individuals who did not make such a decision prior to cohabitation, depending on whether their partner engaged in that financial decision before or not. Robust standard errors in parentheses. $^{***}p < 0.01$, $^{**}p < 0.05$, $^{*}p < 0.1$.

Table 3: Spillovers in Financial Behavior: Men's Post-Cohabitation Decisions Depending on Their Partner's Previous Decisions

	(1)	(2)	(3)	(4)
Transfer to Savings	0.0913***	0.0608***	0.0792***	0.0735***
	(0.0201)	(0.0200)	(0.0219)	(0.0278)
Risky Asset Market Participation	0.150***	0.141***	0.139***	0.146***
	(0.0442)	(0.0458)	(0.0445)	(0.0493)
Overdraft	0.0928***	0.0876***	0.0813***	0.0808***
	(0.0192)	(0.0194)	(0.0204)	(0.0216)
Lotteries	0.166***	0.123***	0.125***	0.117***
	(0.0346)	(0.0340)	(0.0335)	(0.0333)
Pension	0.0113	0.0111	0.0090	-0.0088
	(0.0124)	(0.0126)	(0.0136)	(0.0126)
Late Fees	0.0050	0.0020	-0.0011	0.0013
	(0.0080)	(0.0083)	(0.0086)	(0.0084)
Controls				
Age fixed effects	N	Y	Y	Y
Resource quartile$_m$ × Resource quartile$_f$	N	N	Y	N
Income quartile$_m$ × Income quartile$_f$	N	N	N	Y

Notes: The coefficient captures the difference in post-cohabitation financial decisions for individuals who did not make such a decision prior to cohabitation, depending on whether their partner engaged in that financial decision before or not. Robust standard errors in parentheses. $^{***}p < 0.01$, $^{**}p < 0.05$, $^{*}p < 0.1$.

These findings have several important implications. First, they suggest that partner influence can shape a wide range of financial decisions, beyond the patterns of pre-cohabitation sorting. For example, while we observe that individuals who hold risky assets tend to form couples with partners who also hold risky assets, we also see that such investment decisions can spill over within a household after cohabitation: Individuals who previously did not hold risky assets are more likely to do so following cohabitation if their partner already did.

These patterns extends beyond investment choices that shape wealth accumulation, as we also find that costly financial decisions can grow within households. In particular, we see that individuals with no previous history of overdraft use are more likely to be in overdraft after cohabiting with someone who were previously overdraft users. This indicates that suboptimal financial behavior is not only sorted on but can be reinforced through intra-household spillovers. These patterns can have potentially important implications for the distribution of wealth and contribute inequality in financial well-being, if for example financially fragile households may become increasingly fragile while less fragile households may increase their financial stability.

More broadly, these results reinforce the important insight from the household finance lit-

erature that individuals' financial choices are not only shaped by their own preferences and circumstances but also influenced by behavior within their household. From a policy perspective, this furthermore suggests that financial interventions that aim to encourage particular financial decisions should account for intra-household spillovers. Finally, our results highlight that couple formation and cohabitation in particular represents a critical turning point in financial decision-making.

4 Concluding Remarks

In this paper, we show that there is both assortative mating and spillovers in financial behavior among couples using high-frequency administrative bank data from Iceland. We first document that partners match on a wide range of everyday financial decisions, including costly decisions such as overdraft use, that can shape wealth accumulation beyond the effects of income, wealth and portfolio returns documented in the existing literature. Second, we demonstrate that many of these financial decisions also spill over within couples at the time of cohabitation. These findings suggest that prudent financial management may be increasingly concentrated in certain households and costly financial mistakes in others, thus contributing to wealth inequality and gaps in financial well-being of households in the long run.

[This is a very preliminary draft of the paper. We expect to have a full working paper ready by the time of the conference.]

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