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The Cost of Convenience? Transaction Costs,  
Bargaining Power, and Savings Account Use in Kenya\*

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**Abstract**

Individuals across the world use high-transaction-cost savings devices, even when lower-cost technologies are available. High costs may help savers protect resources from the demands of others. I investigate this hypothesis by randomly assigning ATM cards to 1,100 newly-opened bank accounts in rural Kenya. These cards reduced withdrawal fees by 50 percent. While the cards increased overall account use, the positive treatment effect is entirely driven by joint and male-owned accounts. I find evidence that these differences are driven by intrahousehold issues: household bargaining power is a key mediator of the ATM treatment effect.

*Keywords:* saving; intra-household bargaining; transaction costs

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Individuals across the world use high-transaction-cost savings devices, even when lower-cost technologies are available. High costs may help savers protect resources from the demands of others. I investigate this hypothesis by randomly assigning ATM cards to 1,100 newly-opened bank accounts in rural Kenya. These cards reduced withdrawal fees by 50 percent. While the cards increased overall account use, the positive treatment effect is entirely driven by joint and male-owned accounts. I find evidence that these differences are driven by intrahousehold issues: household bargaining power is a key mediator of the ATM treatment effect.

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