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Article

The Impact of Cash-Transfer Delivery Method on Savings Behavior: Experimental Evidence

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Abstract

This study examines the effect of offering beneficiaries of conditional cash transfers in Chile the option to receive their transfers in bank accounts rather than in cash. Specifically, the article investigates how this option affects savings and transaction behavior for 33 months. It finds positive but temporary impacts on bank balances, up to 12 months after the offering, amounting to 0.7 percent of their annual income. It also finds an increase in transactional usage, suggesting greater financial inclusion when the account is used as a payment account rather than merely as a pass-through vehicle. Beneficiaries gradually increase their deposit frequency over time, for up to 24 months after the offering, consistent with increased financial inclusion, though this does not translate into sustained balance growth in the long run.

JEL classification G20, D14, E21

Keywords financial access, banking accounts, savings, conditional cash transfers, payment digitization

"Within the town's population, digital illiteracy has many faces. There are those who don't know how to perform transactions—not even paying with a debit card—and instead withdraw cash from ATMs (where the lines are enormous). Then there are those who don't even know how to use the machines and request their money directly at the bank teller's window. Some people arrive, withdraw their cash, count it, and then deposit it all right back. Cash is the reality; it is the oxygen of life. Everything else—that entire flow of digital transactions—is, for many of these residents, a dangerous mythology."

Alvaro Campos (2025)

1. Introduction

Low savings levels are prevalent worldwide, with 51 percent of adults not having saved in the last 12 months. This is particularly pronounced in developing countries, where only 42 percent of adults save, compared with 76 percent in developed countries (Demirgüç-Kunt et al. 2022). In these contexts, individuals often lack a robust safety net, which, paired with financial constraints stemming from low incomes and insufficient savings, leaves them more vulnerable and hinders their ability to invest and improve their financial well-being. Furthermore, a significant portion of the global population still lacks access to formal financial services, including bank accounts. In Latin America, for instance, although access to the formal financial sector is relatively high, with 74 percent of individuals owning a bank account, only 18 percent use their accounts for savings (Demirgüç-Kunt et al. 2022). These findings underscore the need to address low savings rates and to promote financial inclusion.

In collaboration with the Chilean government and BancoEstado, a state-owned bank, this study evaluates a governmental initiative that transformed the payment method of transfers within the Chilean Conditional Cash Transfer (CCT) program, Programa Puente (PP). Participants were randomly assigned to a treatment group or a control group. The treatment group was given the option to receive their transfers in a transactional bank account called CuentaRUT.[1] In contrast, individuals in the control group continued to receive their transfers in cash but could request a bank account for the disbursement. The experiment was conducted in Santiago, Chile, from October 2012 to October 2013, and included 3,210 individuals. BancoEstado is the main and almost only source of formal financial access for the poor in Chile; at the time of the follow-up survey, 94 percent of study participants did not have an account with any other bank.

The study uses high-frequency administrative data for 12 months before and up to 33 months after the offer was made, along with household survey data two to three years post-intervention. The program's take-up rate was 54.6 percent, and it finds that the offering had positive effects on transactional account balances for up to two years post-offering. It also increased individuals' savings at the partner bank for up to six months post-offering. However, there were no significant effects on downstream outcomes such as assets and trust. Total bank balances at the partner bank increased by US$14 up to 12 months post-offering, corresponding to approximately 0.7 percent of annual income. Balances increased not only in the transactional CuentaRUT accounts but also in savings accounts in the first six months, indicating a deliberate decision to use the best available savings instrument. Furthermore, the study does not find an impact on informal savings, suggesting that this is a true increase in savings.

These results are most relevant in Chile, where, despite remarkable economic growth and a relatively developed financial system, in 2021 only 31 percent of the population ages 15 years or older and 27 percent of the poorest 40 percent had saved at a financial institution (Demirgüç-Kunt et al. 2022). Financial inclusion in Chile faces both demand and supply-side constraints. On the supply side, challenges include limited information about individuals available to financial institutions, the cost of formal financial products, and the absence of bank branches in certain areas. On the demand side, barriers include low levels of financial education, trust issues in certain groups, and behavioral biases. The intervention addresses several of these obstacles. On the supply side, it works with a universally accessible account for anyone with a national identification card and subsidizes certain transaction costs. On the demand side, the use and monitoring of balances in CuentaRUT can help build trust in the banking system and improve financial literacy.

In recent years, countries such as Brazil, Colombia, India, Indonesia, Mexico, and Peru have adopted bank deposits for their CCT programs. This shift can offer benefits both to the government and to individuals. On the one hand, it can enhance safety and reduce corruption risks as a step toward a secure payment infrastructure that decreases leakages (Muralidharan, Niehaus, and Sukhtankar 2014). However, the extent of these gains depends on the institutional context. For example, in Chile, there

[1] CuentaRUT is provided by BancoEstado, the largest financial institution in Chile, which is known for its broad coverage and focus on serving low-income populations. If participants did not have a CuentaRUT Account, they had to consent to opening a bank account, visit a bank branch to pick up the account card, and sign the final documents. These accounts have per-transaction costs, varying based on type and location of the transaction. The fee structure can be found at "Tarifas Cuentarut," https://www.bancoestado.cl/bancoestado/inteditorformularios/genera.asp?datos=167 and is summarized in table S1.1 in the supplementary online appendix.

is no evidence of corruption or leakage in the disbursement of cash transfers. Even so, the study finds that transfers can also be more cost-effective for the government. with administrative expenses decreasing by US$0.67 per transaction compared to cash. On the other hand, for recipients, these payments can provide convenience, reducing travel costs by replacing physical payment centers with secure access via ATMs or online platforms (Dupas and Robinson 2013). Furthermore, bank accounts can protect savings from the demands of family or friends, help mitigate self-control issues such as the consumption of temptation goods, and ultimately promote broader financial inclusion.

The literature documents a wide range of effects of financial access on savings, ranging from null in Chile, due to low take-up of savings accounts (Dupas et al. 2018) to large effects as observed in Nepal (Prina 2015).[2] Studies focusing on leveraging CCT programs to enhance financial outcomes (Aker et al. 2016 in Niger; Masino and Niño-Zarazúa 2020 in Mexico) show potential positive impacts, reinforcing the belief that "government cash transfer programs could be a promising channel to increase financial inclusion" (Bachas et al. 2021). Other studies highlight the positive effects on savings accounts' supplementary features, such as debit cards (Schaner 2018; Bachas et al. 2021), commitment devices (Ashraf, Karlan, and Yin 2006; Dupas and Robinson 2013; Somville and Vandewalle 2018; Banerjee, Claudia, and Puentes 2025), reminders (Karlan et al. 2016), peer groups (Kast, Meier, and Pomeranz 2018), and account characteristics (Schaner 2018).

This study makes two contributions to the literature. First, it contributes to the scarce literature on the effect of bundling subsidies and bank accounts by adding new evidence from Chile. Existing studies have examined how shifting transfer delivery mechanisms can influence financial behavior, but most focus on contexts with limited financial access or infrastructure. This study provides evidence on how conditional cash transfers (CCTs) can induce financial access on both the intensive and extensive margins in a setting where most of the population already has a bank account. Aker et al. (2016), for example, used a randomized control trial in Niger to evaluate the effect of shifting payments from cash to m-transfers, although in a different context (per capita GDP in 2021 was US$590 in Niger vs. US$16,265 in Chile[3]) and without a partnering bank that offers multiple financial services. Moreover, using survey data, they evaluated results only in the receiving account, and not across other accounts held by individuals. In contrast, by using survey and administrative data to examine the intervention's effects across all bank accounts, this study shows that examining a broad set of savings instruments is crucial for analyzing the program's effects. The study also relates to an earlier study by Masino and Niño-Zarazúa (2020), which used national survey data and a quasi-experimental design and found that adding electronic payments to Mexico's CCT program decreased informal savings and increased the use of savings to cope with shocks. In the present case, by leveraging administrative data and a tailored survey instrument, the study assesses both outcomes and mechanisms, making it possible to document the impact on formal and total savings.[4] This seems to be the first study to use an experimental evaluation to examine a government program that deposits cash transfers into bank accounts.

The paper's second contribution concerns account use. It finds an increase in account use as individuals move beyond using a pass-through vehicle, increasing their use of ATM and debit cards at POS. This finding is consistent with an increase in financial inclusion that goes beyond expanded access. These findings contrast with Vera-Cossio et al. (2025), who used an experimental design to study whether nudging beneficiaries of Colombia´s cash-transfer program to adopt direct deposits affects those who continue to receive payments in cash. They find a small take-up but no effect on digital bank account usage. Their evidence suggests that participants withdraw the full transfer amount in a single monthly transaction. Their results complement this study's in several ways. First, while they focus on a narrow population that has not opted for direct deposit, the present article examines the general population for whom the direct-deposit option was previously unavailable. Second, their intervention was conducted via telephone, whereas the present study's was in person, which likely contributes to their study report-

[2] Banerjee, Claudia, and Puentes (2025) in table S1.2 reviews the results of various strategies to increase savings, including access. Previous literature reviews on this topic include Dupas and Robinson (2013) and Bachas et al. (2021).

[3] World Development Indicators, current US dollars.

[4] Brune et al. (2017) study the impact of default options similar to those in the present study, analyzing the impact of simulated transfers—weekly survey payments in India and a one-time windfall in Malawi—delivered via bank accounts. The present paper differs with respect to analyzing actual government transfers and their extended time period of delivery and analysis.

ing a much lower take-up rate. Finally, while this study finds a significant increase in account balances and transactions—including both ATM withdrawals and debit-card usage—they do not. These different results may reflect differences in the overall financial ecosystem. In Chile, financial inclusion has been driven by *CuentaRUT* and a high density of POS terminals, whereas in Colombia, it is powered by low-value digital wallets and a QR-code ecosystem. Therefore, the evidence suggests that financial inclusion requires not only account access but also a robust ecosystem where those accounts can be actively used. By showing how the same policy lever—shifting transfer delivery into accounts—can produce different responses across financial environments, the present study contributes to the account-use literature by highlighting the role of the overall financial ecosystem.

The paper is divided into five sections. Section 2 describes the intervention, section 3 describes the empirical strategy, section 4 presents the results, and section 5 concludes.

2. The Intervention and Experimental Design

The Chile Cuenta Program

This article's evaluation uses a program that was already in place in Chile, the *programa Puente* (PP), a 24-month program that provides psychosocial support and monetary subsidies targeting the ultra-poor. Prior to the experiment, PP beneficiaries received their transfers in cash distributed by *Cajas de Compensación*, private nonbanking institutions affiliated with the social security system. Beneficiaries had to go to the institution each month to collect their payments.

Beneficiary families receive visits from professionals known as *apoyos familiares*, who provide psychosocial assistance and expand the family's network of social support. The monetary subsidies vary throughout PP. During the first six months, the transfer is set at US$16 per month. For months 7 to 12, the transfer is US$12. For months 13 to 18, it is US$9. For months 19 to 24, families receive the *Subsidio Único Familiar* (Family Subsidy), which was US$16 per month.[5] After completing the program, families that achieve predetermined goals continue to receive a monthly transfer for 36 months, equal to the transfer received during months 19 to 24. Participating families also have preferential access to other subsidies; thus, their total received transfers may surpass those under PP.

In collaboration with the Ministry of Social Development, *Chile Cuenta* (CC) was instituted, initially as a pilot program, to enhance access to the formal financial sector for the vulnerable population by enabling government subsidies to be deposited directly into debit accounts. By facilitating direct receipt of transfers through the banking system, the program aimed to, in turn, improve participants' budgeting, savings, borrowing, and investment practices. This study's research team partnered with the ministry to randomize the program's offering. Accordingly, the study's intervention consists of offering CC to PP beneficiaries.

As part of the CC program, PP beneficiaries had the option to receive their transfers through direct deposit into their CuentaRUT, low-cost, widely accessible accounts instead of receiving cash. To be eligible for CC, beneficiaries had to be receiving cash transfers from PP, be at least 18 years old, present a copy of their ID card, and sign a consent form to change their payment method and, if they did not already have one, open a CuentaRUT. All subsidies received by CC participants (not only their PP subsidies) were transferred to their CuentaRUT upon acceptance of the CC offer. The CuentaRUT accounts, opened for beneficiaries who did not already have one, did not charge interest or opening fees, although they did have some associated transactional costs. Every CuentaRUT has a linked debit card that can be used in BancoEstado ATMs and the POS networks. There are no transaction fees for transfers within BancoEstado products (for example, from a CuentaRUT to a savings accounts) or for balance inquiries of CuentaRUT made by phone or online. However, there is a CLP 300 fee per withdrawal (whether at ATMs or bank branches) and a CLP 100 fee for balance inquiries of Cuenta RUT at ATMs.[6] To cover these

[5] All amounts are reported in 2017 values.

[6] Cuenta RUT fee structure in the offering period is in table S1.1 in the supplementary online appendix. Transfers from saving accounts to CuentaRUT do not have specific fees, but there are a limited free number of withdrawals from savings accounts (between and 3 and 10 per year), after which there is a cost. The number of transfers and their cost depends on the savings account characteristics.

transaction fees, the government provided a monthly subsidy of CLP $700 (approximately US$1.50) to participants in the CC program during the time they were receiving transfers in their CuentaRUT account, an amount equivalent to two withdrawals and one balance enquiry.

Experimental Design

For the evaluation, the research team, in collaboration with the Ministry of Social Development, chose five municipalities[7] in greater Santiago based on two criteria: (1) BancoEstado's branches had sufficient physical capacity to accommodate the new customers, and (2) enough families were participating in PP to make it possible to evaluate the treatment.

The treatment group was automatically offered the option of receiving transfers to a bank account, whereas control-group participants had to request it if they desired it. The sample was stratified by age,[8] Social Security Index (SSI) score,[9] duration of program participation, and municipality. Stratifying by age addresses concerns related to older beneficiaries' limited familiarity with banking systems, whereas the SSI score indicates vulnerability. By stratifying by the remaining duration of program participation, which reflects how long beneficiaries will continue receiving transfers, the analysis accounts for the possibility that those with more time remaining in the program may respond differently from those who are about to exit. Stratifying by municipality addresses variations in the availability of banking facilities across places.

The research team randomly selected individuals to participate in CC. When visited by the *apoyos familiares* at their homes or workplaces, selected beneficiaries were provided with information about the program, emphasizing the benefits of having a bank account, and explaining the advantages of receiving transfers in a bank account, centering their pitch on convenience, security, and promoting the account as a tool to monitor expenses and curb the temptation to spend. As a result, the estimated treatment effect captures both the offering of CC and the information provided by *apoyos familiares* during its explanation. The program offering spanned 13 months, from October 2012 to October 2013 (see detailed monthly offering in table S1.3 in the supplementary online appendix). A total of 3,210 individuals participated in the study, with 803 assigned to the control group. Individuals in the control group were not meant to be directly offered the option to receive the transfer in CuentaRUT account; however, they could request it directly at BancoEstado. Table 1 documents some of these cases, with 36 individuals being offered or requested CC (4.5 percent) and 32 of them accepting the offer (4.0 percent).[10] In the treatment group, the program was offered to 2,130 individuals (88.5 percent). Of them, 277 individuals were not located or had already finished the PP program, whereas 1,315 chose to enroll, resulting in a take-up rate of 54.6 percent. The principal reason given for not accepting the offer was a preference for cash (31.2 percent), followed by concerns about the charges associated with CuentaRUT (21.4 percent) and lack of information on how and where to use CuentaRUT (10.7 percent).[11]

[7] Conchalí, Maipú, Peñaflor, Puente Alto, and San Bernardo. Considering municipalities with similar population size, rurality, and poverty rates, there is no evidence that the number of BancoEstado or other bank branches, or the amount of savings held in BancoEstado or other banks, differs between municipalities participating in Chile Cuenta and those that did not. This suggests that the participating municipalities are not outliers in these characteristics, supporting the potential for external validity.

[8] Three age groups were defined: under 30 years old, 30 to 44, and over 44.

[9] The SSI (Social Security Index) measures household vulnerability and was the Chilean government's main targeting instrument for delivering social programs until 2016. It estimated a household's income-generating capacity and needs—based on both administrative and self-reported data—using characteristics such as education, occupation, gender, location, household composition, and dependency status (e.g., age and disability of household members). These inputs were used to calculate a score indicating the household's vulnerability (the SSI score), with lower scores reflecting higher levels of vulnerability.

[10] This high take-up rate could be attributed to the group's composition, which includes individuals in the control group who were mistakenly offered the program along with self-selected individuals who specifically requested to have their transfers deposited in CuentaRUT. It is reasonable to expect that those who actively made this request are more interested in using the program compared with the average individual offered the Chile Cuenta program.

[11] Take-up among the treated is negatively predicted by age and positively predicted by average CuentaRUT balance pre-offering. See table S1.4 in the supplementary online appendix.

Table 1. Take-Up

	[1] All	[2] Treatment	[3] Control
Total assigned	3,210	2,407	803
Program offering	2,166	2,130	36
%	67.5%	88.5%	4.5%
Accept offer	1,315	1,315	32
%	40.9%	54.6%	4.0%

Source: *Banco Estado Administrative Data and Survey Data.*
Note: Column [1] reports the number of people to whom the treatment was offered and the number who participated in the program. The percentages in column [1] are fractions of the total number assigned. Columns [2] and [3] report statistics on the take-up of the program by treatment arm. The percentages of the program-offering row in columns [2] and [3] are fractions of the number of people assigned to the treatment group. The percentages of the accept-offer row in columns [2] and [3] are fractions of the number of people assigned to the treatment and control group, respectively.

Data and Descriptive Statistics

The study uses a combination of administrative data from BancoEstado, a follow-up household survey, and baseline demographic data from the Ministry of Social Development. The bank data cover November 2011 to February 2016. Since the intervention was staggered from October 2012 to October 2013 (see table S1.3 in the supplementary online appendix for details), the analysis has12 months of data prior to the intervention for the whole sample, 29 months of administrative data after the intervention for the entire sample, and up to 33 months of data for 91 percent of the participants. As mentioned, households that graduated from PP could receive subsidies for up to 36 months after the intervention, so the analysis considers ongoing transfer receipts for these households.

The household survey was conducted two to three years after the offering of CC, between December 2015 and February 2016. The collected data included information on formal and informal savings, debt, financial knowledge, and assets, among other variables.[12] Due to budget constraints, only 1,614 individuals were randomly selected for the survey, including all 803 from the control group and 811 individuals from the treatment group. The response rate was 57.9 percent for the control group and 55.9 percent for the treatment group, with no statistically significant difference between the two (table S1.5 in the supplementary online appendix). The analysis examined whether the response rate varied based on observable characteristics and their interaction with the treatment assignment, and found that the SSI score and the number of children in the household aged 6 to 13 years had a statistically significant predictive power for response rates (see table S1.6 in the supplementary online appendix).

Table 2 examines the balance between the treatment and control groups. Panel A analyzes the BancoEstado data before the program offering. The average monthly balances in savings accounts were US$122 for the control group and US$133 for the treatment group. For monthly CuentaRUT balances, the figures were US$13 for the control group and US$12 for the treatment group. Although data are not available on whether participants had a CuentaRUT or another savings account before the program, it is possible to calculate the percentage of individuals who had positive balances in CuentaRUT or savings accounts prior to the intervention (panel B).[13] In the control group, 49 percent of individuals had positive balances in a CuentaRUT before treatment, whereas in the treatment group, the figure was 47 percent. Regarding savings accounts, 71 percent of the control group had a positive balance compared with 72 percent in the treatment group. The analysis also calculates the proportion of individuals who had positive balances in a CuentaRUT or savings account prior to the offering; it was 83 percent for both the treatment and control groups. All these figures are balanced across the treatment and control groups. There is also balance in the survey sample (see table S1.7 in the supplementary online appendix).

[12] The questionnaire can be found on the following page: "Working Papers," https://sites.google.com/site/estebanepuentes/working-papers?authuser=0.
[13] The data include account opening dates, but they are inconsistent with the observed balances, showing no zero balances before positive ones, only missing values.

Table 2. Summary Statistics and Balance

	[1]	[2]	[3]	[4]
		Level		p-values
Product category	**N obs**	**Control**	**Treatment**	**Treatment = Control**
Panel A: Monthly Average Balances				
Balance in savings accounts	3,210	122.1	132.8	0.272
		(240.0)	(256.7)	
Balance in CuentaRUT	3,210	13.2	11.5	0.431
		(40.1)	(36.7)	
Total balance (savings acc. & CuentaRUT)	3,210	142.6	150.1	0.453
		(268.2)	(280.4)	
Panel B: Probability (≥0)				
Balance in savings accounts	3,210	0.71	0.72	0.298
		(0.45)	(0.45)	
Balance in CuentaRUT	3,210	0.49	0.47	0.732
		(0.50)	(0.50)	
Total balance (savings acc. & CuentaRUT)	3,210	0.83	0.83	0.194
		(0.38)	(0.38)	
Panel C: Socioeconomic data				
Age	3,209	36.11	35.66	0.194
		(10.97)	(10.92)	
Gender (Male = 1)	3,210	0.15	0.15	0.901
		(0.36)	(0.35)	
Household head gender (male = 1)	3,210	0.13	0.14	0.385
		(0.33)	(0.35)	
SSI score	3,210	2,470.77	2,471.58	0.808
		(712.07)	(754.86)	
Children 0–5 years old	3,210	0.93	0.96	0.046
		(0.75)	(0.88)	
Children 6–13 years old	3,210	0.79	0.74	0.324
		(0.80)	(0.82)	
Children 14–19 years old	3,210	0.47	0.46	0.905
		(0.73)	(0.72)	
Adults 20–29 years old	3,210	0.61	0.60	0.601
		(0.67)	(0.67)	
Adults 30–45 years old	3,210	0.59	0.60	0.518
		(0.62)	(0.66)	
Adults 46–60 years old	3,210	0.21	0.21	0.191
		(0.47)	(0.48)	
Adults older than 60	3,210	0.06	0.05	0.264
		(0.26)	(0.26)	
Household size	3,210	3.67	3.64	0.679
		(1.50)	(1.68)	
Panel D: *p*-values of F-test				
Treatment vs. control	0.669			

Source: Banco Estado Administrative Data.
Note: Column [1] shows the number of observations. Columns [2]–[3] show the mean value for the control and treatment groups, respectively. Column [4] reports the *p*-values of the regressions of treatment assignment controlling by strata (defined by a socioeconomic index computed by the government using the Social Security Index score, municipality of residence, age ranges, and cohort). Variables in panel A are in US dollars, using the exchange rate of January 2015 (1 USD = 620.91). The analysis uses heteroskedasticity-robust standard errors (Huber-White). Panel A and B data are from the partner's bank administrative products data. Panel C data are from Ministry of Social Development. Sample size varies because of missing values.

Analyzing administrative data from the Ministry of Social Development (panel C in table 2), the analysis observes that, on average, 85 percent of the sample consists of female participants aged around 36, and the average household size is 3.7 members. These variables are balanced between the treatment and control groups, except for the number of children ages 0 to 5 years. Consequently, the analysis includes this variable in all the estimations presented in the subsequent section. Finally, the analysis conducts an F-test of differences across all variables, and the results indicate no statistically significant differences between the two groups for all covariates (panel D in table 2). This further supports the comparability and balance of the two groups.

3. Empirical Strategy

Average Effects

The study's empirical strategy relies on the random allocation of eligible individuals to the treatment or control groups. To analyze the impact of the intervention, given that the offering process spanned several months, the analysis uses an event study model based on the following equation:

$$Y_{i,t} = b_0 + \sum_{k=-12, k\neq -1}^{33} \gamma_k T_{i,k} + \lambda_t + S_i + X_i'\Omega + \varepsilon_{it} \quad (1)$$

Here, $Y_{i,t}$ is the outcome of interest (for example, savings or debt) for individual i over time t. $T_{i,k}$ is an indicator equal to 1 when an individual i is observed k periods relative to the offering date—that is, when $t - t_i^* = k$, where t_i^* denotes the offering date. λ_t are time effects, S_i represents strata fixed effects, and X_i' are the set of variables selected by Post-Double-Selection (PDS) Least Absolute Shrinkage and Selection Operator (LASSO) analysis for each outcome. The variables considered by LASSO are those in table 2. Heteroskedasticity-robust standard errors (Huber-White) are reported. The treatment parameters μ_j can be interpreted as an intent-to-treat effect (ITT).

The analysis is conducted based on the offering date, but the actual offering date is available for only 81 percent of the treatment group. For the remaining individuals in the treatment group, who either exited the program early or relocated before the offering, the analysis imputes the offering date using the median offering date of individuals from the same municipality and the same PP cohort.[14] The authors decided to use the whole sample that was selected as the treatment group, and not only the 81 percent that was offered the treatment. While this imputation may introduce measurement error, excluding individuals whose absence from the offering may correlate with outcomes could generate a selection bias. The analysis thus opted for the intent-to-treat approach, which addresses this tradeoff by including all individuals assigned to treatment.

Finally, given the multiplicity of outcomes in both the administrative and survey data, the analysis applies the Romano-Wolf step-down correction for multiple hypothesis testing. The correction is performed separately within each group of related outcomes—balances, withdrawals, deposits, and withdrawal channels for the administrative data, and mechanisms, savings, and downstream outcomes for the survey data—to control the familywise error rate while preserving power within each family of tests.

Heterogeneous Effects

The analysis follows Chernozhukov et al. (2023) to examine potential heterogeneous effects in the Chile Cuenta program. As discussed in Chernozhukov et al. (2023), the analysis first divides the sample into a training set and a testing set. In the training set, machine-learning techniques were used to generate a counterfactual of the outcome for the treatment group as if it were the control group, denoted as $B(Z_i)$, where Z_i represents the covariates where heterogeneity might arise. Additionally, the method predicts the treatment effect $S(Z_i)$. Using $B(Z_i)$ and $S(Z_i)$, the analysis tests for heterogeneity with the following

[14] If no one from the same cohort and municipality was offered the program, an offering date was not imputed. For this reason, 15 individuals from the treatment group were excluded from the analysis. The analysis also inputed a date randomly for each group cohort—municipality, and results are similar. Results available upon request.

equation in the testing set:

$$Y_i = \alpha X_i + \beta_1 T_i + \beta_2 T_i S(Z_i) + \varepsilon_i \quad (2)$$

Where X_i represents a set of covariates and T_i identifies the treatment group. For Z_i, the analysis uses the variables in table 2, including whether the individual had zero balances in CuentaRUT and savings accounts before the implementation of Chile Cuenta, using this as a measure of financial access. These variables are the only information available at the baseline. Because 83 percent of the sample had positive balances before the program began, the study also included in the analysis four dummy variables that divided this group into quartiles based on their total balances. This would make it possible to capture heterogeneity in the level of use of the financial system.[15] For X_i the analysis also uses variables that identify the strata.

As dependent variables, the post-intervention was grouped into three time categories. The first group covers 2 to 6 months after the offering.[16] The second group includes data from 7 to 24 months post-offering, and the final category captures periods beyond 24 months after the offering.[17]

Equation (2) makes it possible to test for no heterogeneity by evaluating whether $\beta_2 = 0$. Importantly, this represents a joint hypothesis test for heterogeneity based on the ability of the covariates Z_i to capture it.

4. Results

Average Effects

Balances with Administrative Data

The analysis first estimates the effect of CC using administrative data from BancoEstado. Figure 1 presents the effects of CC on CuentaRUT balances (panel A), savings account balances (panel B), the combined balances of both account types (panel C)—variables that were balanced before the program was offered and the analysis also includes net balances, which subtracts the accumulated net subsidy (monthly 700 CLP transfer minus 300 CLP per withdrawal) from total balances, measuring savings beyond cash transfers received as a subsidy for Cuenta RUT potential transaction costs (panel D).

The study finds a positive impact on CuentaRUT balances (fig. 1, panel A). This effect is partially mechanical, as participants in the treatment group who accepted the offer received their subsidies through direct deposit in these accounts. The effect remains statistically significant every month over the 27-month period following the program's offering, ranging from US$4 to US$11. This range is similar to the CuentaRUT balances at baseline and aligns with the monthly PP transfer amount, which varies between US$9 and US$16 depending on the month. As mentioned, after the 24 months of the PP program, households had the opportunity to receive transfers for an additional 36 months. Using survey data, the study finds that 53 percent of households received these additional transfers. The lower share of recipients, compared to the 100 percent at baseline, along with the fact that 19 percent of individuals in the control group had received transfers in a CuentaRUT by the endline, may explain the diminishing effect of the program 28 months after the offering.[18]

For savings accounts (see fig. 1, panel B), results are observed that are similar to the survey data. The effects on saving balances are positive and significant for the first six months after the offer, ranging from

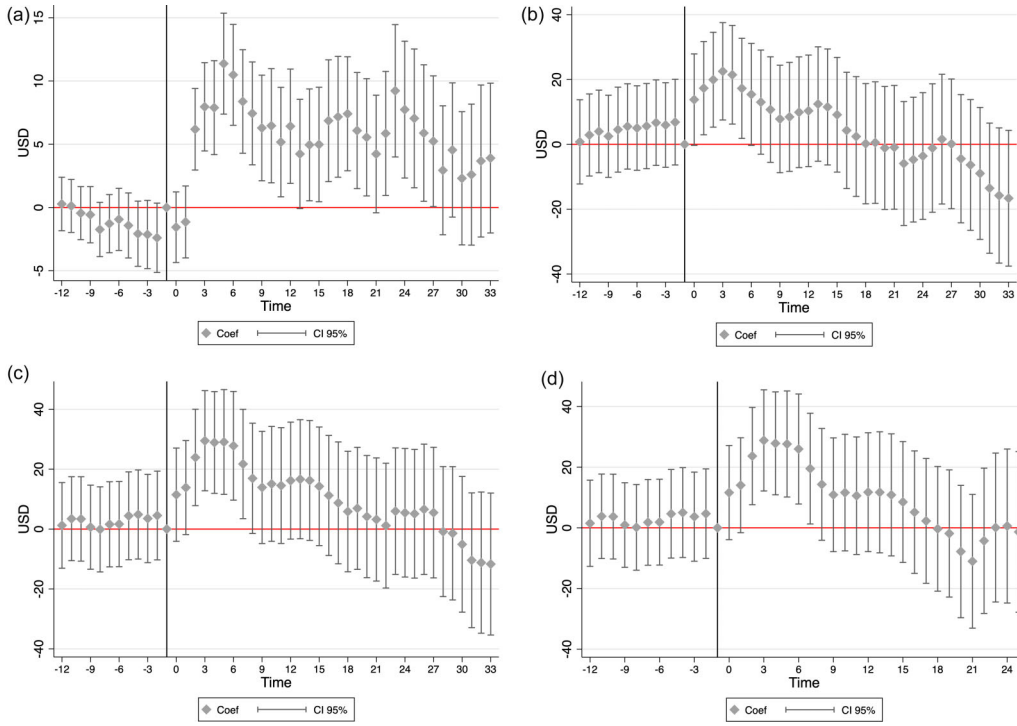
[15] Consistent with this hypothesis, a previous version of this paper examined the differential treatment impact based on whether individuals had savings at baseline. This version uses this systematic approach to look for categories of heterogeneity.

[16] Note that the entire process of receiving a transfer can take up to two months; therefore, the study is referring to results from two months after the offer was made. It considers up to six months because Somville and Vandewalle (2018) and Brune et al. (2017) have shown there are short-term effects of this type of intervention of delivering transfer setup for experimental purposes through direct deposit, and considering the average medium-term effects.

[17] Because an offering date for the control group is not available, an offering date is imputed using information from the treatment group; in particular, the study imputed the median of the offering date by the municipality and by Puente's program cohort.

[18] The analysis cannot identify the cash transfers in the data, so it cannot test whether savings decrease coincided with the end of the transfers. However, it can approximate the mechanical effect using the take-up rates. As the difference in take-up is 50 percent, balances should increase between US$5 and US$8 because of the transfers. This mechanical effect constitutes 40–60 percent of the total effect.

Figure 1 Intent-to-Treat Effects Using Administrative Data from Chile Cuenta. Panel A: CuentaRUT; Panel B: Savings; Panel C: Total Balance; Panel D: Net Balance (minus subsidy).



Source: Banco Estado Administrative Data.
Note: The figure reports intent-to-treat coefficients using administrative bank data. Coefficients relative to t=−1. Net Balance restricted to month < 41. Panel A reports the coefficients on balances in CuentaRUT accounts, panel B reports coefficients on balances in savings accounts, and panel C reports coefficients on total balances (savings and CuentaRUT accounts). Panel D reports the coefficients subtracting the programs´ subsidy from the balances. All variables are measured in real US dollars using the exchange rate for January 2015. Variables are top-coded at the 99th percentile. All regressions include dummies for strata (defined by a socioeconomic index computed by the government using the Social Security Index score, municipality of residence, age ranges, and cohort) and time-fixed effects. The analysis applies PDS Lasso to select relevant controls from the variables included in table 2. The analysis uses heteroskedasticity-robust standard errors (Huber-White).

US$15 to US$22, and then decrease consistently and become negative, although these effects are not statistically significant. When considering the combined balances for all accounts (panel C), the study finds a positive and significant effect for months 2 to 8, after which the effects decrease and are not significant, with a maximum amount of US$29. These results suggest that direct deposit did not lead to higher overall savings and that its impact on the account receiving the deposits faded in the long term.[19] This outcome occurs in a context where both the treatment and control groups exhibited a steady increase in savings balances over time, rising from approximately US$170 around the time of the offering to about US$230 around 33 months post-offering.[20]

A possible explanation for these dynamics, is that direct deposits operate only as a temporary commitment mechanism that does not generate long term changes in saving behavior, as opposed to stronger devices. In line with this in a recent paper (Banerjee, Claudia, and Puentes 2025), conducted with the same partner bank but on a different population, the analysis finds that a commitment savings plan—an automatic transfer from a checking account to a savings account—increased savings for one year after the intervention.

[19] The study analyzed the remaining time in the cash-transfer program to investigate whether increased income (attributed to the number of transfers) or habit formation affected the results. Larger effects were observed for individuals closer to completing the program, indicating that income or habit-formation effects do not significantly influence the study's findings.

[20] Appendix figs. S1.1 and S1.2 present results with winsorizing at 95th percentile and without winsorizing, respectively. The main findings are robust to these data adjustments.

In summary, the findings suggest that offering subsidies through debit accounts led to a medium-term increase in account balances. While this effect extended to balances in savings accounts for only six months, consistent with a lack of substantial changes in downstream outcomes, the intervention led to a sustained increase in CuentaRUT transactions for two years following the offer, indicating greater use of financial instruments and thus more financial inclusion.

The observed US$14 increase in total balances 12 months after the offering represents approximately 0.7 percent of participants' annual income based on the baseline survey data—an effect consistent with other interventions. For example, Somville and Vandewalle (2018) reported a 0.3 percent increase, and Bachas et al. (2021) found a 2 percent increase. Considering that this study's intervention also included a subsidy on withdrawals, the study investigates whether this contributed to the observed increase in balances shown in fig. 1 by recalculating net total balances. Net balance subtracts the accumulated net subsidy (monthly 700 CLP transfer minus 300 CLP per withdrawal) from total balances, measuring savings beyond cash transfers. Figure 1, panel D, presents the program's effect on net balances, and the analysis finds that the main results hold even when accounting for the subsidy.

Transactions

The study also investigated how the treatment affected individual transactions, specifically the number of withdrawals from, and deposits to, CuentaRUT and savings accounts. Because transaction data are available only until February 2015, it is possible to analyze the program's effects for up to 24 months after the treatment was offered.

In fig. 2, panel A, it can be observed that treated individuals made more withdrawals from their CuentaRUT accounts. These effects are statistically significant throughout the observed period, with treated individuals making, on average, 0.3 more withdrawals per month than the control group. This outcome may be partly mechanical, as transfers were deposited directly into CuentaRUT, requiring individuals to either withdraw funds to access them or to pay by card.[21]

Regarding CuentaRUT deposits (fig. 2, panel B), the study finds a significant positive effect throughout the period (25 months after offering), with deposits increasing over time. Since this measure excludes direct deposits from the program, it suggests that individuals actively chose to use CuentaRUT beyond Chile Cuenta. The sustained increase in both deposits and withdrawals for more than two years post-offering indicates a lasting effect on CuentaRUT usage, supporting the notion of a positive impact on financial inclusion.

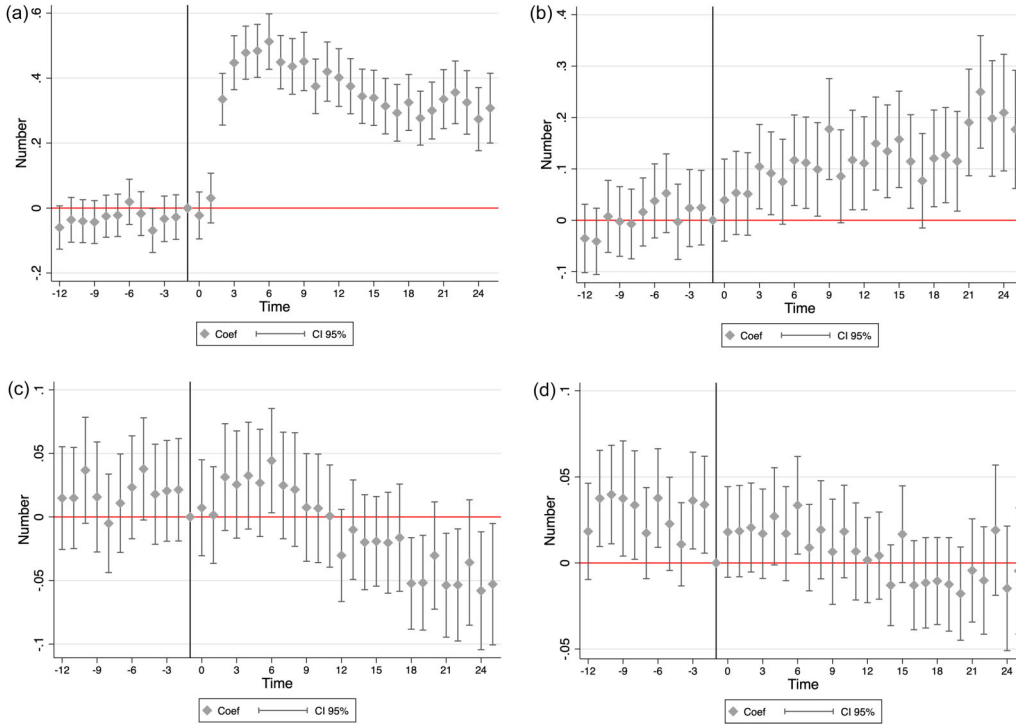
The paper also studies the impact of this offering on the use of savings accounts. Table 2 shows that, at baseline, all participants tended to have larger, more likely-to-be-positive balances in savings accounts than in CuentaRUT. Panels C and D of fig. 2 suggest a temporary increase in both withdrawals from, and deposits to, savings accounts up to month 11, followed by a decline in activity, although the coefficients are not statistically significant. These trends align with the balance results, highlighting greater activity in CuentaRUT than in savings accounts, and a short-term increase in savings account balances and a medium-term effect on CuentaRUT balances.

Because withdrawal from CuentaRUT incurred a fee, transitioning from receiving cash to a direct deposit introduced an additional cost to individuals. One concern was that participants might only make two withdrawals (those subsidized) from CuentaRUT, since the transfer amount matched the cost of two fees. However, during months 3 to 12 after the offering, only 3.2 percent of participants made exactly two withdrawals per month, while 45 percent made more (fig. S1.3). Also, although it is not possible to identify exactly when the transfers finish, the analysis finds no difference in the number of withdrawals when splitting the sample by completion likelihood (measured by time in the program), see fig. S1.4 in the supplementary online appendix. This also weighs against the hypothesis that the results are driven by the subsidy of two withdrawals.

To understand if participants actively use the Cuenta RUT, fig. 3 shows the treatment impact across various transaction channels. As expected, ATM usage increases throughout the period. There is also a significant rise in transactions via Caja Vecina—a network of POS terminals of the partner bank installed

[21] Because the difference in take-up was 50 percent, the mechanical effect should be 0.5, which is similar to the total effect. On average, 26 percent of individuals in the control group made withdrawals in any given month, which suggests an increment of CuentaRUT use and not only larger withdrawals.

Figure 2 ITT on the Number of Withdrawals and Deposits by Type of Account. Panel A: Withdrawals from CuentaRUT; Panel B: Deposits from CuentaRUT; Panel C: Withdrawals from Savings Accounts; Panel D: Deposits from Savings Accounts.



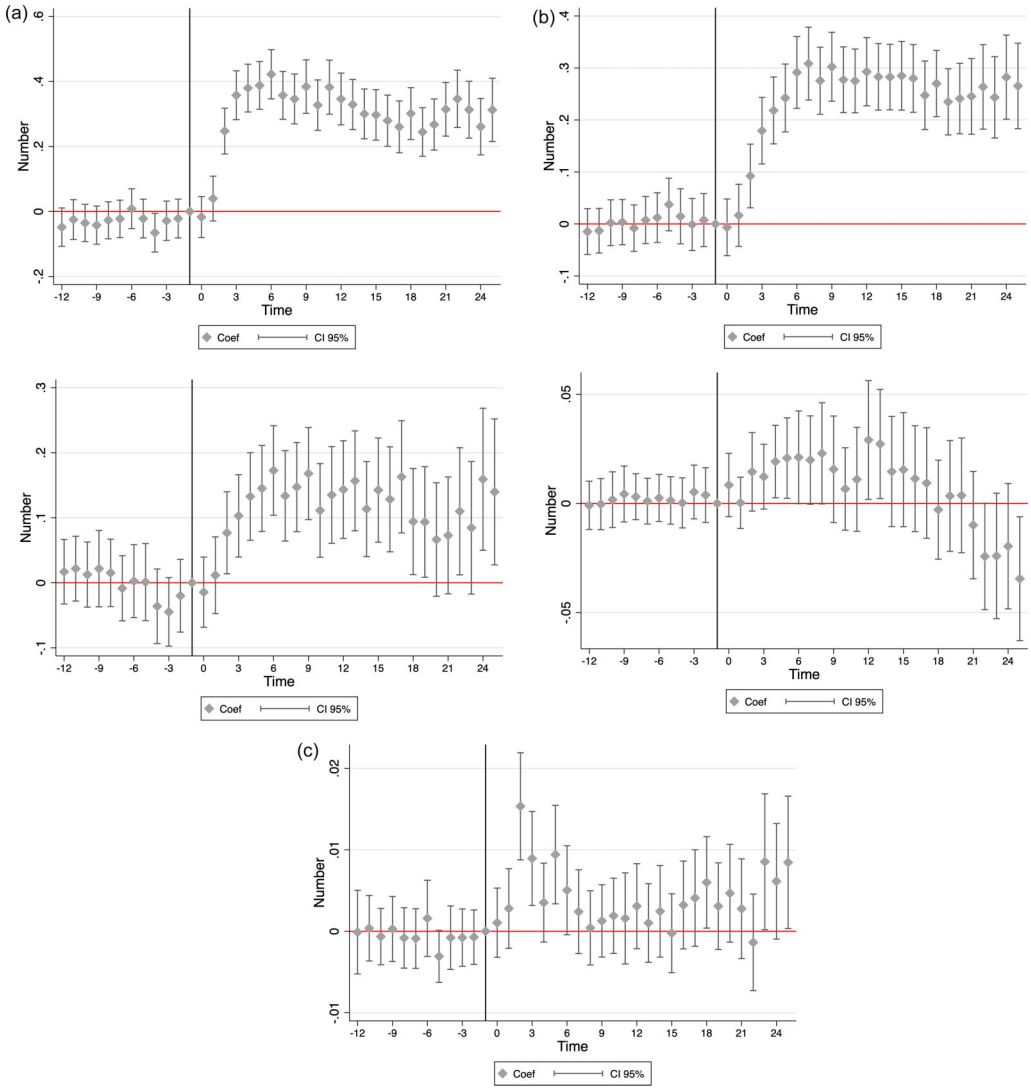
Source: Banco Estado Administrative Data.
Note: The figure reports intent-to-treat coefficients using administrative bank data. Coefficients relative to t=−1. Panel A reports the coefficients on withdrawals from CuentaRUT, panel B reports coefficients of deposits to CuentaRUT, panel C reports coefficients on withdrawals from Savings Accounts, and panel D reports coefficients of deposits to Savings Accounts. All regressions include dummies for strata (defined by a socioeconomic index computed by the government using the Social Security Index score, municipality of residence, age ranges, and cohort) and time-fixed effects. The study applies PDS Lasso to select relevant controls from the variables included in table 2. The analysis uses heteroskedasticity-robust standard errors (Huber-White).

in small shops that can be used for withdrawals. Notably, the study observes a persistent increase in debit-card purchases throughout the entire period. The use of debit cards for direct transactions can be considered a foundational indicator of financial inclusion, whereas debit-card payments represent a deeper form of engagement with formal financial services. The effects on internet purchases are less strong and dissipate over time, and there is no clear effect on withdrawals at physical bank branches.

Therefore, Chile Cuenta participants actively use their accounts, using them more than just as a vehicle for withdrawing their transfers. These findings contrast sharply with those of Vera-Cossio et al. (2025) in Colombia and show the importance of the context. In the present study, participants were all transfer beneficiaries, whereas the Colombian study focused on a narrow population that had not opted for the direct deposit. These different results might also depend on the financial context: in Chile, financial inclusion has been driven by CuentaRUT and a high density of POS terminals, whereas in Colombia, it is powered by low-value digital wallets and a QR-code ecosystem. Therefore, the evidence suggests that financial inclusion requires not only access to accounts but also a robust ecosystem in which those accounts can be actively used.

To account for the multiplicity of administrative outcomes, the analysis applies the Romano-Wolf step-down correction across three event-study horizons (t = 6, 12, and 18 months after offering). The study groups outcomes in balances, transactions, and types of withdrawals. The effects on CuentaRUT balances remain significant at all three horizons, while the effects on savings balances are significant only at t = 6, consistent with the temporary nature of the savings effect. For transactions, the effects on

Figure 3 Treatment Effects on Cuenta RUT Withdrawals by Channel. Panel A: ATM; Panel B: Caja Vecina; Panel C: Debit card; Panel D: Internet; Panel E: Physical branch (SUC).



Source: Banco Estado Administrative Data
Note: The figure reports intent-to-treat coefficients using administrative bank data. Coefficients relative to t=−1. All regressions include dummies for strata (defined by a socioeconomic index computed by the government using the Social Security Index score, municipality of residence, age ranges, and cohort) and time-fixed effects. The analysis applies PDS Lasso to select relevant controls from the variables included in table 2. The study uses heteroskedasticity-robust standard errors (Huber-White).

CuentaRUT withdrawals and deposits, as well as on ATM and Caja Vecina channels, remain significant after correction across all horizons.[22]

Survey Data

First,-the study analyzes the impact of offering direct deposit payments using the household survey, collected between 24 and 38 months after the CC was offered, which provides a broader range of variables than the administrative data. These variables include informal savings, total savings (including savings in other banks), retail debt, investment, and trust. The results are presented in table 3. Panel A demon-

[22] See table S1.8 in the supplementary online appendix.

Table 3. ITT Effects of Chile Cuenta on Savings Balance (Survey Data)

	[1] Control mean	[2] Treatment	[3] *p*-value	[4] Sample size
Panel A: Mechanisms				
Has CuentaRUT	0.754	0.089***	0.002	917
	(0.431)	(0.028)		
Has received subsidies in CuentaRUT	0.191	0.299***	0.000	918
	(0.394)	(0.032)		
Panel B: Savings and debt				
Formal savings	149.1	−15.229	0.520	916
	(341.1)	(23.681)		
Informal savings	8.906	1.044	0.735	916
	(41.78)	(3.085)		
Total savings (including informal savings)	157.9	−9.500	0.692	916
	(346.6)	(23.968)		
Debt in retail cards	0.433	0.016	0.658	917
	(0.496)	(0.036)		
Panel C: Downstream outcomes				
Housing and business assets	753.8	−66.036	0.517	918
	(1546)	(101.775)		
Fear of theft	0.389	0.028	0.388	917
	(0.488)	(0.032)		
Trust in BancoEstado	0.389	0.009	0.802	918
	(0.488)	(0.035)		
Expense on temptation goods	5.780	0.197	0.827	896
	(13.34)	(0.905)		
Commuting cost to receive subsidy	1.958	−0.345*	0.0813	830
	(2.728)	(0.198)		
Compound interest knowledge	0.125	0.010	0.702	918
	(0.331)	(0.027)		
There are no costs to use CuentaRUT	0.131	−0.034	0.175	915
	(0.338)	(0.025)		

Source: Survey Data.
Note: Column [1] reports the control group mean and standard deviation at Chile Cuenta's follow-up survey. Column [2] reports the intent-to-treat (ITT) estimate and standard error (in parentheses) of the program assignment at Chile Cuenta's follow-up survey. Column [3] reports the *p*-value of the null hypothesis that Treatment = Control. Variables are measured in US dollars, using the exchange rate of January 2015 (1 USD = 620.91 Chilean pesos). Fear of theft is a dummy variable equal to 1 if respondents answered they are very or very much afraid of being robbed and 0 if they are not afraid or a little afraid. Trust in BancoEstado is a dummy variable equal to 1 if respondents say they have trust or very much trust in BancoEstado, and 0 for no trust or little trust. Expenditure on temptation goods includes alcohol, cigarettes, and entertainment. Compound interest is a dummy variable equal to 1 if the respondent prefers a yearly interest rate of 24 percent to a monthly interest rate of 2 percent. There are no costs to use CuentaRUT is a dummy variable equal to 1 if the respondent says there are no costs associated with using a CuentaRUT. Regressions include dummies for strata (defined by a socioeconomic index computed by the government using the Social Security Index score, municipality of residence, age ranges, and cohort). The analysis applies PDS Lasso to select relevant controls from the variables included in table 2. It uses heteroskedasticity-robust standard errors (Huber-White). Outcomes are winsorized at 99 percent. The sample size varies due to missing values. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

strates that the treatment group had a 9-percentage-point (pp) increase in the number of individuals with a CuentaRUT compared to the control group, in which 75.4 percent had a CuentaRUT. The confidence interval, spanning 3.4 to 14.4 percent, defines a reasonable range for the underlying effect size.[23]

Although 19.1 percent of individuals in the control group reported receiving subsidies in their CuentaRUT, this could be because the survey took place two to three years after the intervention, by which point some individuals in the control group may have been offered the option to receive subsidies in their bank accounts. Individuals in the treatment group reported receiving subsidies in their accounts more frequently than did individuals in the control group, with a difference of 30 pp (confidence interval between 23.6pp and 36.2 pp). Overall, the treatment was found to be implemented correctly.

The analysis in table 3, panel B reveals no significant impact on savings two to three years after the offering. The treatment group showed a nonsignificant decrease of US$15 in formal savings compared to the control group, along with a nonsignificant increase of US$1 in informal savings. When considering total savings (formal and informal), one sees that the effect is also nonsignificant, with the point estimate indicating a decrease of US$9.5. These effects are also economically small, given that the average savings in the control group were US$157.9, with a large standard deviation.[24] This contradicts previous research, which indicates that similar interventions decreased informal savings (Masino and Niño-Zarazúa 2020) and runs counter to the expected result that this type of intervention would increase formal savings. Nonetheless, the study showed, using administrative data, that the program increased savings over a shorter time frame than the survey indicated. The smaller sample size and the differential effects between the data of the surveyed and unsurveyed (fig. S1.5 in the supplementary online appendix) imply that these results should be considered with caution.

This paper also examines the effect on having retail-card debt—the most common type of debt in this population, with 43.3 percent of the control group reporting it. Although the treatment group had a slightly higher probability of having retail card debt, there was no significant difference between the treatment and control groups, and the coefficient was relatively small.

The study also analyzes the program's effects on downstream outcomes in table 3, panel C. While the study is powered to detect standardized minimum detectable effects (SMDE) as low as 0.185 SD for most outcomes (see table S1.9 in the supplementary online appendix), the high variance observed in certain variables (table 3) implies that the absolute effect size required for significance is large relative to the control group mean. Consequently, these downstream results should be interpreted with appropriate nuance. Regarding potential effects on investment, although the analysis observes a decrease in total assets (US$66), the effect is not significant. This finding aligns with the previous finding of no effect on total savings but also with large standard deviations of the variable. Based on the argument made by Bachas et al. (2021) that debit cards can enhance trust in bank accounts among CCT beneficiaries, the study examines whether the program influenced trust in BancoEstado, using a dummy variable, with 1 indicating high trust and 0 indicating little or no trust in BancoEstado.[25] Although the standard deviation is large, a small, nonsignificant coefficient suggests that the program had no impact on trust. Notably, BancoEstado already enjoys relatively high trust, with 39 percent of the control group expressing trust in the institution, compared to 11 percent for other banks.

In addition, this paper examines whether the program affected participants' fear of theft. Treated individuals no longer need to withdraw and carry large amounts of cash, which may have reduced their fear of theft. In the follow-up survey, participants who had entered the CC program were asked about their favorite aspect of it. The most common response was an enhanced sense of security, particularly

[23] As previously mentioned, the survey data were conducted on a sample of participants. Figure S1.5 in the supplementary online appendix reports the effects on the administrative data for the subsamples that were and were not surveyed. There are no differences between both groups for CuentaRUT balances. Regarding savings accounts, those who responded the survey have consistently lower coefficients than those who did not answer. However, their confidence intervals overlap during most periods. The results are similar for total savings. Note that the point estimates on savings based on the survey data (table 3) are negative, and fig. S1.5 shows that point estimate for savings in the administrative data is also negative, providing consistent results.

[24] Because the amount of savings exhibits large variances, the study also considers another outcome: the probability of having positive balances. However, here the analysis also found no impact.

[25] The specific question is: *How much do you trust the following institutions?* Response options were: *none, little, enough,* or *a lot*. The dummy variable is 1 if the individual responded *enough* or *a lot*, and is 0 otherwise.

a reduced risk of being robbed because resources were not carried in cash.[26] The study uses a dummy variable where 1 indicates a high fear of being robbed and 0 indicates low or no fear. The analysis does not find a significant impact of the program on participants' fear of theft.

Then the paper investigates the program's impact on temptation-related expenses, based on Bachas et al.'s (2021) finding of reduced expenses with debit-card monitoring. The present study's results indicate a small, nonsignificant positive impact; however, the standard deviation is large. Additionally, the analysis examines the effect of direct transfers to CuentaRUT on transportation costs, as participants no longer needed to visit a branch to make withdrawals. This study's findings suggest an 18 percent decrease in transportation costs, though the effect is marginally significant.

Finally, the paper studies the effect of the program on financial knowledge, considering the potential enhancement resulting from access to financial products (Hilgert, Hogarth, and Beverly 2003). It is found that 13 percent of individuals in the control group mistakenly believed CuentaRUT did not have associated costs, whereas this figure decreases by 3.4 pp in the treatment group, though the effect is not significant. When assessing knowledge of compound interest, which is a binary variable indicating a preference for an annual interest rate of 24 percent over a monthly interest rate of 2 percent, the analysis finds no significant effect, although a large standard deviation.

To account for multiple testing, the analysis applies the Romano-Wolf correction by panel and finds that most results hold: both variables in panel A remain significant, but the negative effect on transportation costs is no longer marginally significant. [27]

Heterogeneity

Table S1.11 presents the results of the heterogeneity analysis described in "Heterogeneous Effects" in section 3.. Column 2 reports the OLS estimate of the program's average effect on the dependent variables. Column 3 provides the average effect estimated using the specified methodology (parameter β_2 from equation 2). Column 4 presents the parameter β_3 from equation 2, assessing heterogeneity in the effects.

The results in columns (2) and (3) show similar average effects, although the confidence intervals in column (3) are wide. Regarding heterogeneity, column (4) indicates that all parameters are below 1 and not statistically significant, suggesting that the covariates do not capture any potential heterogeneity. Thus, one does not find that poor individuals who do not use financial services are the primary beneficiaries of moving to paying subsidies to bank accounts, which is mentioned as one of the main potential benefits of implementing this type of program.

5. Cost-Benefit Analysis

To assess the program's cost-effectiveness, the study considers all relevant costs and savings, including the fee subsidy, administrative transaction expenses, and transportation cost for beneficiaries.

As part of the Puente Program, program participants receive regular visits from social workers. Since the Chile Cuenta intervention was integrated into these routine visits, it incurred no additional outreach expenses. Furthermore, because social workers are required to explain payment procedures regardless of the disbursement method, no additional labor costs are attributed to the program. Also, as CuentaRUT accounts have no opening fee, and approximately half of the participants opened accounts. Consequently, the analysis does not include account-opening costs.

Regarding transportation costs, survey data reveal a marginally significant reduction in subsidy-collection costs of US$0.34 per month for participants. This figure is integrated into the calculation.

The difference in administrative cost of a bank transfer versus cash payment is US$3 per month according to 2025 government open data. If one includes the subsidy fee cost of US$0.74 this difference

[26] Among all respondents, 41.3 percent mentioned an enhanced sense of security, 31 percent indicated more convenience from withdrawing cash from various locations, and 11.1 percent appreciated faster access to their money without waiting in queues. The least liked aspect of the program was the charges for transfers and balance inquiries, which 63 percent of participants mentioned.

[27] See table S1.10 in the supplementary online appendix.

is reduced to US$2.26. Adding the decrease in transportation cost for beneficiaries, it becomes US$2.60 per month/participant (see section 2 in the supplementary online appendix for detailed calculations). To illustrate the potential magnitude of these savings at scale, the successor program (Subsistema Chile Seguridades y Oportunidades) currently serves approximately 175,000 households. At US$2.60 per beneficiary per month, widespread adoption of bank transfers would generate annual government savings of approximately US$5.5 million, equivalent to 7.6 percent of the program's annual budget for monetary transfers.

6. Conclusion

This paper evaluates an intervention that shifted government monetary transfers from cash to direct deposits into transactional bank accounts. By leveraging an existing transfer program and a relatively mature financial infrastructure, the intervention reduced frictions in how beneficiaries received subsidies and interacted with formal financial services.

The paper finds that the program achieved a high take-up rate and generated a medium-term increase in savings. These effects are consistent with prior work that shows that channeling government transfers through bank accounts can influence financial behavior. Although the study finds that effects on savings are not persistent over time as the return to baseline levels, it is found that account activity, including deposits and withdrawals, remains elevated even 24 months after the intervention, the administrative observation period. This pattern suggests that direct deposits can deepen individuals' engagement with formal financial instruments, thereby increasing financial inclusion, even if long-term savings do not occur. Moreover, the paper also finds that the program generated cost savings for both the government and beneficiaries, mainly through reduced transaction and access costs. The estimates suggest that under widespread adoption, the program generates net savings of US$2.60 per beneficiary per month.

These results contribute to a growing literature on the use of the banking system to deliver government benefits. Much of this literature focuses on expanding access to accounts among previously unbanked populations. However, the Chilean setting differs in that most participants had bank accounts prior to the intervention, as basic account ownership is widespread in the country. These results thus speak more to deepening account usage than to expanding access, and their external validity to populations without prior usage may be limited.

Participation patterns also highlight remaining barriers to effective use of financial services. The study finds that take-up declines with age, which suggests that some groups, particularly older beneficiaries, may face more difficulty adopting or using bank accounts to receive social benefits. This points to the importance of complementary design features that facilitate and encourage the use among certain groups.

Taken together, the paper's findings indicate that directing public transfers into bank accounts can strengthen interaction with formal financial services, even in environments with already high levels of account ownership. At the same time, the paper shows that increased financial activity does not necessarily translate into long-term asset accumulation. Further work should examine what kind of interventions can convert the already found increased account use into savings in the long term.

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Conflict of Interest

None declared.

Data availability statement

The data underlying this article were provided by BancoEstado and the Chilean government under an agreement for this study and cannot be shared publicly due to confidentiality restrictions protecting the personal financial information of participants. Access to the underlying administrative data may be requested directly from BancoEstado, subject to the applicable confidentiality agreements and legal restrictions.

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