

Between Fear and Finance: A Cross-Regional Examination of Terrorism Risk and Digital-Payment Adoption

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Abstract: Digital payments are growing worldwide, but the level of adoption varies significantly. This paper compares Global Terrorism Index ratings with Global Findex data from the seven different global regions to examine whether the risk of terrorism affects digital payments adoption. The paper uses a fixed-effects panel framework and controls for factors like income, press freedom, broadband connection, foreign capital, and regulatory quality. A strong negative correlation exists - lower use of digital payments is associated with higher terrorism risk. Adoption is continuously encouraged by the advancement of broadband, FDI inflows, and the quality of regulations, while urbanization is not a significant parameter. The findings in the paper highlight how crucial reliable governance and robust digital infrastructure are to promoting inclusive digitalization in high-risk locations.

Keywords: Digital Payments, Findex, Global Terrorism Index, Fixed Effects

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