

[Download Updated on 17/07/2019 at 13:00](#)

[Other Working Papers](#)

Keep in mind

La serie Borradores de Economía es una publicación de la Subgerencia de Estudios Económicos del Banco de la República. Los trabajos son de carácter provisional, las opiniones y posibles errores son responsabilidad exclusiva del autor y sus contenidos no comprometen al Banco de la República ni a su Junta Directiva.

Autor o Editor

Carlos A. Arango-Arango

Nicolás F. Suárez-Ariza

The series Borradores de Economía (Working Papers on Economics) contributes to the dissemination and promotion of the work by researchers from the institution. On multiple occasions, these works have been the result of collaborative work with individuals from other national or international institutions. This series is indexed at Research Papers in Economics (RePEc).

Publication Date

Wednesday the 5th of June, 2019

The opinions contained in this document are the sole responsibility of the authors and do not commit Banco de la República or its Board of Directors

ABSTRACT

Even though the levels and growth rates of adoption of digital payments have reached significant figures in the recent past, the demand for cash continues to grow in both developed and developing economies across the world. This puzzle has found only partial explanations in the previous empirical literature. We bring further and more conclusive evidence that the adoption of digital payments indeed reduces the demand for cash. Yet, economic growth and lower interest rates as well as positive trends in the demand for large denomination banknotes, not explained by traditional factors, still dominate the overall growth in the demand for cash.