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RELIGION IN EMERGING AND DEVELOPING REGIONS

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ABSTRACT

This paper examines the evolving relationship between religion and economic development in emerging and developing countries (EDCs). Building on large-scale survey data and recent scholarship, we document persistent and, in many regions, increasing levels of religiosity. First, we present global trends in religious beliefs and practices, highlighting a religious divergence between EDCs and high-income countries, as well as the continued prevalence of traditional belief systems alongside major world religions. Second, we analyze the determinants and consequences of religious behavior, showing how income volatility, financial insecurity, and cultural transitions sustain demand for religion. Third, we explore the institutional and political dimensions of religion in EDCs, emphasizing the role of religious institutions as public goods providers and as politically influential actors. This discussion offers a framework for understanding religious organizations as adaptive, competing platforms in pluralistic religious marketplaces. Overall, our findings suggest that religious adaptation, rather than decline, is central to understanding the future of religion and its economic implications in the developing world.

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1. Introduction

One of the oldest and most enduring debates in the social sciences concerns the relationship between economic prosperity and religion—specifically, whether growth and modernization inevitably lead to the decline of religious belief and practice (Marx 1844; Weber 1922). This debate inspired a large literature in economics seeking to understand the determinants of secularization in Western societies (Barro and McCleary 2003a; Norris and Inglehart 2004; Franck and Iannaccone 2014). Yet, religion continues to thrive—and to shape economic behavior—in numerous world regions, taking a variety of forms that differ markedly from those that prevailed in the West historically. Despite the decline of religiosity observed in Europe and more recently the U.S. (Inglehart 2021), other parts of the world have experienced a resurgence of religion starting in the late 20th century, leading modernization theorists to revisit the secularization hypothesis—the idea that economic growth leads to a decline in religiosity (Berger 1999). As of 2025, the share of the world's population with a religious affiliation is predicted to increase, since countries with the fastest-growing populations also tend to be highly religious (Pew Research Center 2022).

A growing literature in economics studies the multifaceted relationship between religion and development. In this article, we discuss recent advances in this literature and propose directions for future research, building on novel stylized facts about religion and economics worldwide. We propose two main hypotheses. First, rather than waning, religious beliefs, practice, and institutions may be adapting to the profound social and economic changes sweeping across the globe—consistent with religion's remarkable ability to reinvent itself in previous periods of change (Seabright 2024). Religious adaptation, rather than decline, may therefore be the key phenomenon at play in many regions. Second, non-Western societies may be leading some of the trends observed in terms of religious innovation worldwide, including the rise of highly decentralized religious movements which coexist and compete—in terms of institutions and spiritual beliefs—with well-established major denominations and secular institutions. We argue that studying the diverse, decentralized, and often syncretic forms of religious organization thriving in emerging and developing regions can shed light on the future of religion worldwide.

Our discussion of religion in emerging and developing countries (hereafter, EDCs) begins with a set of descriptive facts illustrating some recent trends regarding the global evolution of religious beliefs and practice. Our analysis relies primarily on six waves of the World Values Survey (WVS)

collected over the past four decades—the data include 433,181 observations from 108 countries surveyed from 1989 and 2022 (Inglehart et al. 2024). As we present this analysis, we discuss the divergence between Western and non-Western societies along several dimensions of religious activity. We complement global WVS trends with Pew data on religion in sub-Saharan Africa to illustrate the enduring importance of traditional belief systems and the coexistence of multiple systems of meaning in EDCs (Pew Research Center 2009).

We then turn to the interpretation of these facts in light of the recent literature on religion in EDCs. We organize this review of the literature around two core themes: religious beliefs and development and the interplay between religious practice and institutions. Under the first theme, we bring together insights from recent papers on the economic determinants of religious beliefs, religious coping, and the economic consequences of religious behavior. Importantly, we do not restrict our analysis to major world religions (such as Christianity or Islam), although these religions nominally account for the bulk of religious activity worldwide, but we also examine traditional religious and spiritual beliefs that often coexist alongside major denominations.

Under the second theme, we explore the political economy of religious institutions in EDCs, and we emphasize one distinguishing feature of religion in the developing world: the dualism that often persists between secular state institutions on the one hand, and religious institutions on the other. In many settings, religious institutions remain powerful societal actors that actively engage in civic life, provide public goods, and shape political outcomes. We discuss the origins and the economic impacts of these religious institutions through multiple channels—e.g., capital accumulation, the historical legacy of missionary activities, and the competition between secular and religious institutions in markets for dispute resolution, schooling, finance, or insurance. We conclude with a brief discussion of how religious culture and institutions dynamically reinforce each other, stimulating more demand for religion in politics, and fueling competition in the global religious marketplace.

2. Religion in Emerging and Developing Regions: Stylized Facts

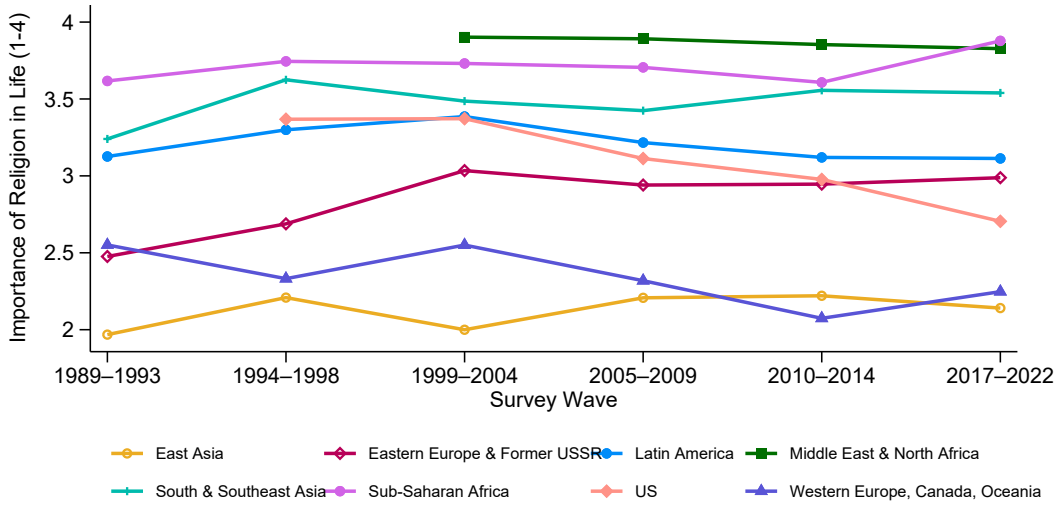
To document the recent evolution of religion in emerging and developing regions, we use time-series data from the six most recent waves of the World Values Survey conducted between 1989-1993 and 2017-2022, respectively (Inglehart et al. 2024). We begin by examining the self-reported importance of religion and the frequency of religious attendance across all major world

regions. In Figure 1, we plot the average responses from WVS respondents to questions regarding (i) the importance of religion in life, measured on 1-4 scale (in order of increasing importance) and (ii) the frequency of religious service attendance, measured on a 1-7 scale (in order of increasing frequency). Figure 1 displays stable trends in terms of self-reported religiosity across most world regions, based on these measures. Overall, respondents in the MENA region, sub-Saharan Africa, and South/Southeast Asia are most likely to report that religion plays an important role in their life and to frequently attend religious services. Importantly, the self-reported importance of religion (Figure 1a) and the frequency of religious service attendance (Figure 1b) have not declined in these regions since the 1990s. Latin America displays stable trends for both variables, while former communist countries are, if anything, experiencing a resurgence of religion. These dynamics sometimes mask substantial shifts in religious denominations: in Latin America for example, the share of Catholics in the WVS sample fell from 75% to 54% between 1989-1993 and 2017-2022, while the share of Protestants/other Christians rose from 2% to 19%. We note that the declining trends observed in the U.S. and Western Europe—for both the importance of religion and religious service attendance—stand in contrast to the rest of the world.

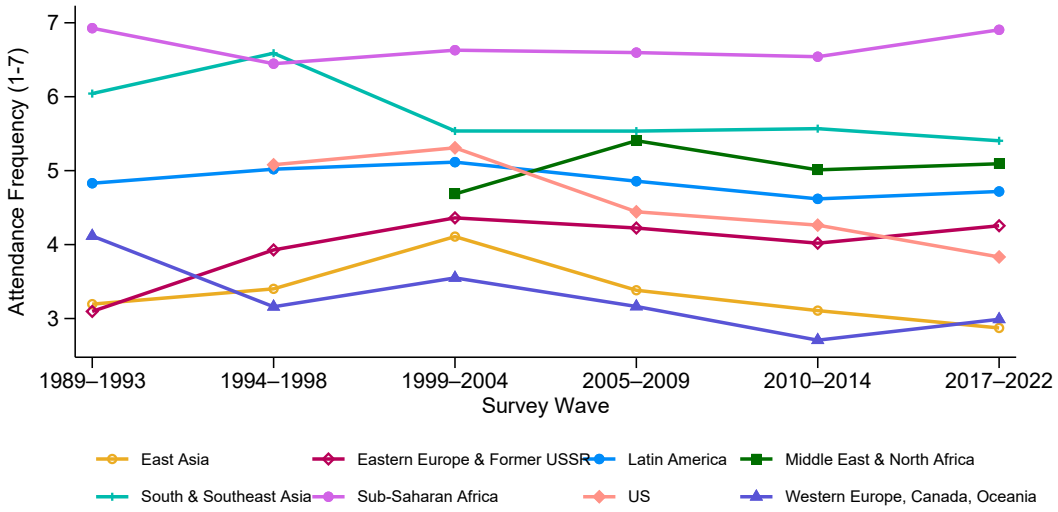
Next, we report recent trends in religiosity separately for OECD member countries and non-OECD countries. The OECD is an intergovernmental organization comprised of 38 high-income, mostly Western countries; the non-OECD subsample therefore includes the vast majority of EDCs worldwide. Consistent with Figure 1, the WVS data suggest a religious divergence between high-income countries and EDCs. First, unlike survey respondents in OECD countries, respondents from the non-OECD sample report a sharp increase in the self-reported importance of religion in life (Figure 2a). This pattern holds across numerous dimensions of religious beliefs and practice: for example, in 2017-2022, 88% of respondents in non-OECD countries reported believing in God, as opposed to 67% in OECD countries. Additionally, 76% of respondents in non-OECD countries reported believing in heaven, 56% reported praying daily, and 36% attended a religious service weekly, while the corresponding shares in OECD countries were 53%, 30%, and 20% respectively. Overall, consistent with recent results in Barro et al. (2025),[1] we find that individuals in EDCs are more engaged in religious activities, that they are more religious than respondents in OECD

[1] Barro et al. (2025) use data from the International Social Survey Program (ISSP) to construct a retrospective panel of religious attendance rates in 66 countries since the 1920s. We focus on self-reported measures of religious service attendance and the importance of religion in respondents' lives, using contemporaneous data from the six most recent waves of the World Values Survey (WVS) conducted since 1989.

Figure 1: Importance of Religion & Religious Service Attendance, by Region



(a) Importance of religion



(b) Frequency of religious service attendance

Notes: The top panel reports average responses to the question *"How important is religion in your life?"* measured on a 1-4 scale (ranging from 1=not at all important to 4=very important). The bottom panel reports average responses to the question *"Apart from weddings and funerals, about how often do you attend religious services?"* measured on a 1-7 scale (ranging from 1=never to 7=more than once a week). The data are from Inglehart et al. (2024).

countries, and that there is no evidence that this is decreasing over time.

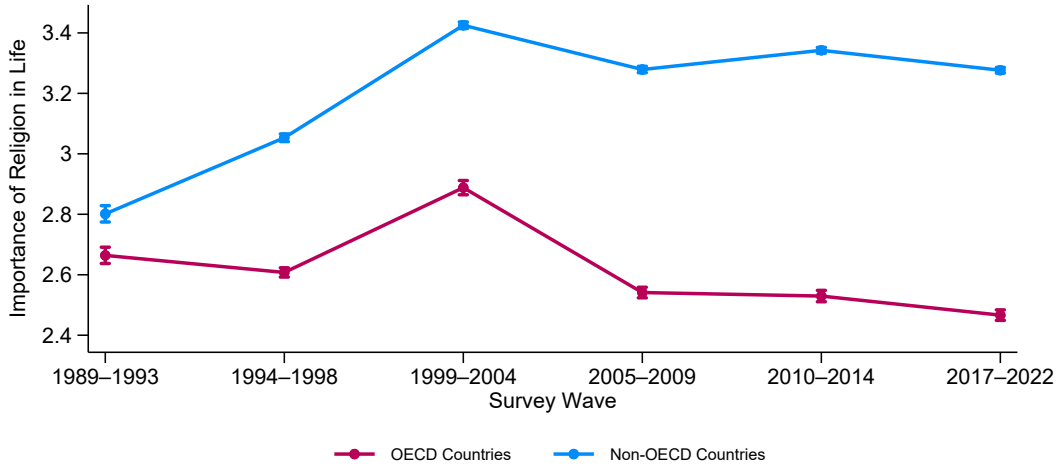
We then examine the relationship between income and religious adherence. This relationship is often assumed to be negative—i.e. wealthier individuals are less religious (Barro and McCleary 2003b). We test this hypothesis in Figure 2b, which reports coefficients from OLS regressions of the form $Importance\ of\ Religion_{ic} = \alpha_c + \beta Income_{ic} + \varepsilon_{ic}$, estimated separately for each WVS survey wave, where $Income_{ic}$ denote income categories for individual i in country c, and α_c denotes country fixed effects. Overall, the magnitude of this correlation between income and religiosity has been declining over time, with EDCs leading this trend. Since the 2010s, the correlation between religiosity and income (conditional on country fixed effects) is close to zero in EDCs (the blue line). Additionally, the effect in OECD countries has been converging gradually towards the effect in non-OECD countries (the red line).

Third, we highlight that in many EDCs, traditional belief systems coexist with more formal religions. An important distinction is that traditional, immanent religions regard spirits, ancestors, and other supernatural forces as active agents in everyday life, whereas formal, transcendental faiths like Christianity and Islam generally orient believers toward salvation beyond this world (Sahlins 2022; Seabright 2024). In the context of Africa, Le Rossignol et al. (2024) document the widespread prevalence of traditional religious beliefs. Although these are often labeled as belief in witchcraft, the term generally encompasses a much broader set of beliefs, including belief in a divine creator, reverence for ancestors, and the notion that individuals can possess supernatural powers (Sahlins 2022). Using data from Pew Research Center (2009) for Africa, the authors find that traditional beliefs are persistent and widespread. On average, 43% of individuals report believing in witchcraft. Additionally, 42% of respondents report believing in the evil eye, 48% believe in evil spirits, 19% own traditional sacred objects, and 15% participate in ceremonies to celebrate ancestors.

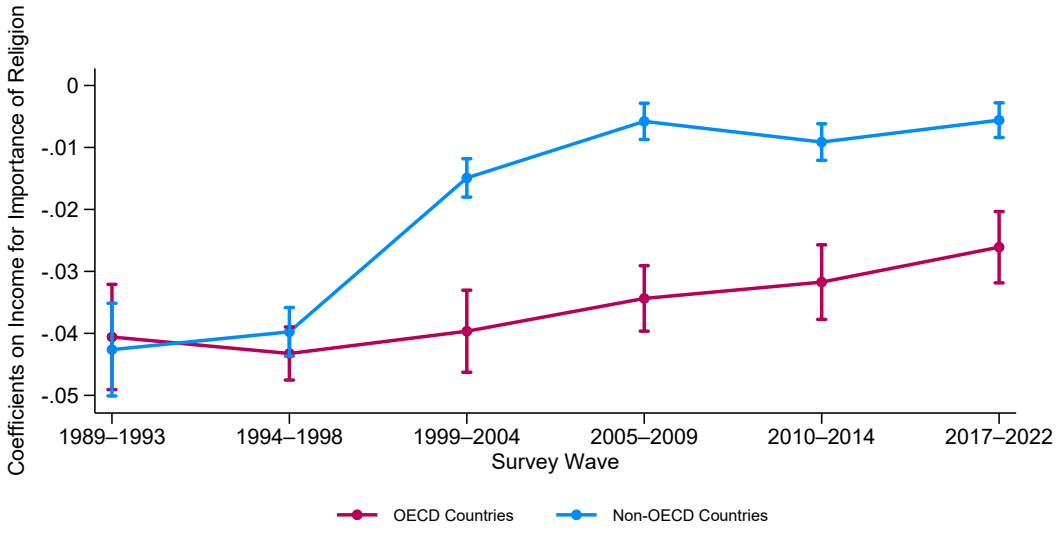
To illustrate the co-existence of multiple belief systems in sub-Saharan Africa, in Figure 3, we present the share of respondents that adhere to a transcendental religion (e.g., Christianity or Islam) and also hold traditional beliefs—in this case proxied by a belief in witchcraft—using data from Pew Research Center (2009).[2] The figure reveals a different landscape from what is commonly assumed—i.e., that embracing transcendental religions displaces so-called traditional

[2]Note that the World Values Survey does not include questions on traditional belief systems. Thus, we follow Le Rossignol et al. (2024) and focus on sub-Saharan Africa since global data on immanent beliefs is not available.

Figure 2: Importance of Religion & Income, OECD vs. non-OECD



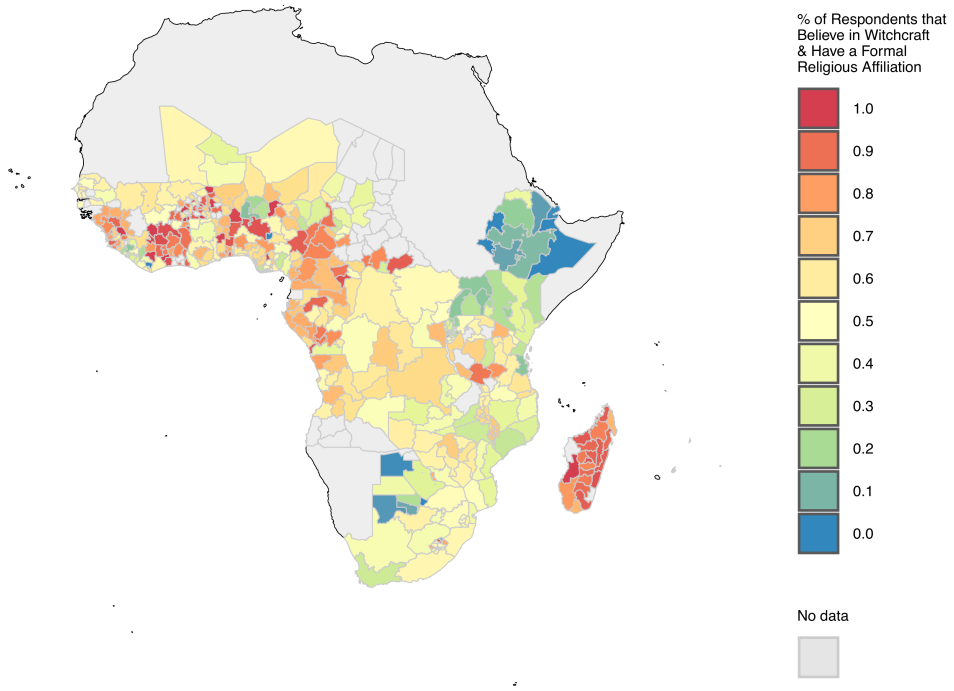
(a) Importance of religion



(b) Effect of income on religiosity

Notes: The top panel reports average answers to the question *"How important is religion in your life?"* measured on a 1-4 scale (ranging from 1=not at all important to 4=very important), separately for OECD and non-OECD countries (with 99% confidence intervals). The bottom panel presents coefficients (with 95% confidence intervals) from OLS regressions of the form $Importance\ of\ Religion_{ic} = \alpha_c + \beta Income_{ic} + \varepsilon_{ic}$, estimated separately for each survey wave, where X_{ic} denote income categories, and α_c denote country fixed effects. The data are from Inglehart et al. (2024).

Figure 3: Co-Existence of Multiple Religious Belief Systems Across Sub-Saharan Africa



Notes: The figure presents the share of respondents in each sub-national region across Sub-Saharan Africa reporting both belief in witchcraft (as a proxy for traditional religious beliefs) and a formal religious affiliation (Christianity, Islam, Hinduism, Buddhism, Judaism, or another religion). Regions without matching survey data are shaded light gray. The data are from Pew Research Center (2009).

practices. Consistent with Le Rossignol et al. (2024), even where over 90% of respondents report an affiliation to a transcendental religion, a substantial share of respondents still believe in witchcraft as a causal logic for misfortune. Thus, while the vast majority of research on religion has focused on transcendental religions or so-called "Big God" religions (Norenzayan 2013), individuals in EDCs hold a much broader set of spiritual and religious beliefs. These beliefs often persist despite the adoption and spread of other religions. This suggests the presence of syncretism—in which individuals hold multiple religious beliefs and religious organizations adapt their doctrine to co-exist with immanent beliefs—may be particularly important in EDCs.

Taken together, the evidence presented thus far highlights that the evolution of religious activity in EDCs does not follow the standard predictions of the secularization hypothesis; religiosity remains high across most of the developing world, the once-negative income–religion gradient has flattened to nearly zero in EDCs since 2010s, and traditional religious beliefs persist alongside Christianity and Islam across many EDCs.

3. Drivers of Religious Behavior in Developing Countries

3.1. Economic Determinants of Religious Behavior

The stylized facts presented in Section 2 raise a natural question: what drives continued interest in and adherence to religion in EDCs? In this section, we highlight two broad sets of mechanisms—related to economic insecurity and mutual aid, and identity and adaptation—that together may explain why modernization has not uniformly reduced religiosity in these settings.

Religion as a Source of Security: One potential explanation for the resilience of religiosity in EDCs may be that higher GDP has not eliminated income volatility and financial insecurity. Despite increased economic growth, many EDCs are characterized by exposure to shocks, conflict, and weak institutions. This instability may drive people to look to religion for both risk management and psychological comfort. This logic is formalized in the existential-insecurity theory of Norris and Inglehart (2004): the less secure one's prospects for income, health, or personal safety, the greater the appeal of supernatural protection and supportive congregations (see also Storm 2017; Roberts 2024).

Within economics, many studies have employed quasi-experimental methods to examine the relationship between various forms of insecurity and religiosity. For example, previous work has examined how negative economic shocks lead to increased religiosity in Indonesia (Chen 2010) and Brazil (Costa et al. 2023). Similarly, climatic shocks and natural disasters have been shown to increase religious adherence (see Bentzen (2019) for a global analysis, Yentzen (2025) for evidence on shocks during formative years in Africa, as well as Dube et al. (2022) for evidence from Afghanistan using novel measures of religiosity from cell-phone usage patterns). Finally, there is also evidence that exposure to conflict affects religiosity (e.g., Zussman 2014; Henrich et al. 2019; Dube et al. 2022; Barro et al. 2025). The persistence of insecure conditions, health risks, and uncertainty in many EDCs may nurture continued demand for religion despite rising levels of average incomes.

A corollary of the existential-insecurity theory is that the demand for insurance against shocks fosters religious faith and practice in many EDCs: where life remains precarious, faith not only offers spiritual comfort but also tangible networks for mutual aid. Auriol et al. (2020) test the hypothesis that in places where formal welfare is weak, religious networks provide a form of insurance. Using a lab-in-the-field experiment, they randomly offer a commercial

funeral-insurance policy to Pentecostal parishioners in Accra and then let participants split a real cash windfall among themselves, their own church, a children's charity, and a national prayer crusade. Compared to the control group who only receive information about the insurance, the insured group gave 22-25% less to the combined set of spiritual recipients, with the largest cuts aimed at their own church. Because every religious outlet—whether delivering material aid or purely spiritual benefits (i.e., a prayer offered on behalf of someone else)—lost support, the experiment reveals systematic crowd-out: formal coverage substitutes for both community transfers and "God insurance".[3] By showing that religious organizations supply spiritual and material insurance that may substitute for formal products, Auriol et al. (2020) illuminate how this support function underpins religion's continued vitality in EDCs.

Religion as a Source of Cultural Identity During Transitions: Another key mechanism underlying the persistence of religion in EDCs is that religion often serves as an anchor for identity in periods of rapid social and economic change. During such periods—which may involve urbanization, migration, political upheaval, or cultural transitions (Bruce 2011)—religion can serve as a source of community, meaning, and continuity. Sociologists argue that religion can act as a "cultural defense", rallying collective identity in response to external threats or destabilizing change (Wallis and Bruce 1992; Bruce 2002).

Thus, periods of turmoil may lead to a religious resurgence as people anchor themselves to familiar identities. For example, in Latin America, waves of conversion to Protestantism in the late 20th century coincided with mass rural-to-urban migration and economic dislocation. Scholars also suggest that Pentecostalism's emphasis on personal transformation and tight-knit congregations offered migrants a new supportive identity in slums (e.g., Cleary 2011). In Egypt, the growth of inequality and an unexpected decline in social mobility following decades of rising educational attainment led to an Islamic revival, as religion helped individuals cope with unfulfilled aspirations (Binzel and Carvalho 2017). In South Asia as well, religious identity has proved resilient amid development (Iyer 2018). India's unprecedented economic growth has not diminished popular religiosity, and Hindu nationalist movements have grown stronger during the transition to a globalized economy (Jaffrelot 2021), indicating that many Indians see religion as integral to their cultural self-definition in changing times.

[3]Complementary surveys reveal that 23% of members previously received church assistance and that pastors condition funeral help on regular tithing and attendance, highlighting that religious insurance is prevalent.

Anthropologists Jean and John Comaroff provide a vivid illustration from post-apartheid South Africa with a focus on immanent beliefs. They observe that "postcolonial South Africa, like other post-revolutionary societies, [has] witnessed a dramatic rise in occult economies"—a proliferation of witchcraft fears, magical wealth rituals, and prosperity gospel churches—as people grapple with the uncertainties of a deregulated market-based economy (Comaroff and Comaroff 1999). Likewise, throughout sub-Saharan Africa, new religious movements, from independent Pentecostal ministries to revitalized traditional belief systems have emerged during periods of social upheaval—e.g., the HIV/AIDS crisis (Ashforth 2015), conflicts related to democratization (Ashforth 2005; Marshall 2019), and rapid urban growth (Ibrahim 2013).

Within economics, a prominent example of how cultural transitions can influence religious adherence is theoretical work by Carvalho (2013), who models religious veiling among Muslim women as an adaptive response to cultural transitions. By wearing the veil, women can pursue education or formal employment in a secular society while preserving their reputation and identity within their traditional communities. In this sense, veiling (or other visible religious practices) can be seen as a commitment mechanism; it reassures one's community that modern opportunities will not lead to abandoning core values. Consistent with this hypothesis, Shofia (2022) shows that enhanced formal labor market opportunities increase the likelihood that young Indonesian women wear the Islamic veil in their high school yearbook pictures. Related work in high-income settings shows that policies trying to suppress such religious expression may lead to backlash.[4] These findings support the view that diaspora or transitioning groups may turn to religion as a source of identity and stability. Attempts to curtail religious expression in such contexts may intensify, rather than diminish, religious commitment.

Religious communities that provide spiritual comfort via social networks and mutual aid can be especially valuable for urban migrants in EDCs, who often rely on churches, mosques, and temples for community support, job information, and informal insurance. These churches provide not only spiritual comfort but also a ready-made "family" in impersonal urban centers, thus satisfying a demand for identity and social cohesion. For example, Hersey (2024) shows how Pentecostal churches in Ghana act as welfare and network providers for rural-to-urban migrants.

[4] Abdelgadir and Fouka (2020) study France's 2004 public-school headscarf ban and find it had unintended effects on Muslim girls: those affected by the ban were less likely to complete secondary school and religious identification increased. Maurin and Navarrete H (2023) study a previous French regulation on veiling and find opposite effects on the educational attainment of Muslim girls.

Using a shift–share IV based on industry-specific price shocks, the paper finds that rural-to-urban migration causally raises the probability of Pentecostal affiliation among male migrants, particularly those who arrive in the city without prior social ties. Furthermore, survey data from 35 Accra churches reveal that Pentecostal congregations channel both centralized transfers (cash, food, clothing) and informal job/housing referrals to roughly 10 percent of members each year, while requiring tithes that finance these services. Out-migration from villages is also found to erode trust in traditional risk-sharing networks and prompt origin-households to convert as well, mostly toward service-intensive Protestant and Pentecostal denominations.

Recent work by Li and Wang (2024) presents an intriguing and related explanation for the rise of certain religious movements in developing countries. The authors present a unified model that micro-founds Max Weber's classification of transcendental religions: mystic religions that counsel withdrawal from worldly affairs (e.g., Buddhism), world-adjusting religions that encourage harmony with the status quo (e.g., Confucianism), and activist religions that exhort adherents to transform material conditions through disciplined effort (e.g., Calvinism). In their framework, individuals seek "psychological salvation"—an immunity to suffering—by striving to obey a sacred commandment. Because perfect obedience is unattainable, followers inevitably fall short, experience guilt, and redouble their commitment, making faith self-reinforcing. Crucially, the model predicts that more insecure environments increase demand for activist religions whose doctrine frames diligent labor as a path to redemption. Though theoretical, the paper provides a novel lens on why "salvation" movements may be more likely to proliferate across EDCs.

In summary, religion serves as a critical source of identity and social support during periods of structural and cultural change in EDCs. Future research could help shed light on how religion can unite communities against external threats (a cultural defense mechanism) or help individuals navigate life transitions by providing continuity and community (a cultural transition mechanism). These sociocultural functions may translate into sustained or increased religious participation when other sources of stability are unreliable as countries develop.

3.2. Economic Consequences of Religious Behavior

The economic impacts of religious behavior in EDCs remain pervasive and multifaceted, defying secularization predictions. A growing body of work in economics has studied the consequences of religious beliefs on economic outcomes. We refer the reader to the excellent reviews by Becker

et al. (2024) and Becker et al. (2025), Kuran (2018) for the case of Islam, as well as related chapters in this volume discussing the political economy of uneven modernization in the Muslim world (Kuran and Zulfiqar 2026) and recent scholarly advances in the economics of religion (Seabright 2026). In contrast to this other work, which often focuses on "Big-God" religions and macro growth, in this section we highlight two growing types of research in EDCs. First, building on Section 2, we discuss recent micro-level evidence documenting how syncretic blends of formal religions with traditional spiritual practices shape economic behavior. Second, we review the recent scholarship that leverages field experiments and novel data to isolate the economic impact of religion in EDCs. While this does not offer a comprehensive review of the literature, our main goal is to highlight exciting ongoing work and point to promising directions for future research.

Traditional Beliefs, Syncretism, and Economic Behavior: Le Rossignol et al. (2024) explore how those who hold traditional religious beliefs (discussed in Section 2) are treated and viewed. First, using original survey and experimental data from the DR Congo, they find that individuals paired with someone with strong traditional beliefs are less pro-social towards them in lab experiments, that they report social norms consistent with this behavior, and are more likely to make negative inferences about these individuals. These effects are large and pervasive, and do not seem to be mitigated by other characteristics of the participant they are paired with—such as their belief in the Christian God, level of education, or co-ethnicity.

What generates these large negative effects, especially given that belief in traditional religion is so widespread? Using variation in exposure to Christian missions across their sample, the authors show that the negative consequences of holding traditional religious beliefs increase with proximity to Christian missions. Furthermore, it is only for the few villages that were not exposed to Christian missions or mission schools that holding traditional beliefs has no negative effects.

Often traditional religious beliefs are intertwined with beliefs about the causes of, and effective treatments against illness. In the Standard Cross Cultural Sample, which collects views on traditional beliefs about the origins of illness for a sample of societies, respondents in most societies report spiritual or mystical causes as the origin of illness (Budillon et al. 2025). Naturally, then, individuals seek care from traditional healers, who are believed to have supernatural abilities to cure spiritual illnesses. This is evident from data from Pew, which asks whether individuals seek care from traditional healers. Budillon et al. (2025) find that the median response is 40%, though in some countries the response is as high as 73%. Those who report traditional beliefs, including

belief in witchcraft, are even more likely to seek care from traditional healers.

Nunn and Sanchez de la Sierra (2017) explore the functional benefits of traditional religious beliefs in the context of Eastern Congo, a region with a long recent history of conflict. There, traditional beliefs may help facilitate the provision of village-level protection from armed groups. Specifically, the authors find that beliefs about "bullet-proofing", the idea that a set of rituals can protect an individual from bullets, may reduce the perceived cost of engaging in costly protection of the village when external armed groups attack.

Another example of the impacts of supernatural beliefs comes from work on mayors in China (Hong and Zhao 2025). The authors study *feng-shui* beliefs that state that certain areas or directions are more or less favorable; such favorable orientations vary across individuals and therefore shift for a given city headquarter when mayors change. Leveraging changes in mayors over time, they find that unfavorable areas for a mayor experience worse economic development, in the amount of 2% lower GDP. These results are driven by a reduction in public investment, and lead to downstream effects on firm entry and productivity. Their results highlight the real economic impacts of traditional belief systems.

Deopa and Rinaldo (2023) ask whether religion may also be used to codify ecological principles. They study this in the context of Benin, where there is widespread practice of indigenous religious belief systems (referred to as African Traditional Religions) in which the forest has a sacred status. Leveraging proximity to the historical Kingdom of Dahomey (where the Vodun religion originates), they find that such proximity is associated with greater forest conservation.

Outside of Africa, there is growing interest in understanding how traditional religious beliefs have blended with transcendental religions. This religious syncretism means that economic behaviors can be influenced by both formal religious norms and local traditional customs. One illustration comes from Mexico's Catholic patron-saint festivals, which were introduced in colonial times but blended many features of indigenous traditions and have since become embedded in local tradition. Montero and Yang (2022) find that the timing of these festivals can affect rural economic outcomes: municipalities whose annual saint's day falls during critical planting or harvest periods have significantly lower household incomes and a slower transition out of agriculture. In these communities, the syncretic incorporation of a religious celebration into the agrarian calendar imposes a tangible economic impact by affecting labor and investment cycles.

Growing Evidence using Field Experiments and Non-conventional Data: Recent scholarship

has increasingly leveraged lab-in-the-field experiments, randomized controlled trials, and natural experiments combined with novel data to estimate the causal economic impacts of religion. For example, Bryan et al. (2021) ran a randomized evangelical training program for ultra-poor households in the Philippines to test how evangelical religious beliefs and practices can influence poverty. Six months after households received an intensive Protestant theology and values course, participants showed increased religiosity and even earned higher incomes on average (with evidence pointing to improved "grit" and work habits as a mechanism). However, these gains dissipated by 30 months, suggesting only a short-run boost from the religious intervention.

In the DRC, another field experiment provided small-scale entrepreneurs with access to a traditional protective ritual intended to ward off theft. Butinda et al. (2023) report that treated business owners reacted to the ritual by investing in larger inventories, leading to fewer stock-outs, higher revenues, and greater profits, despite no change in actual theft rates. The ritual's psychological assurance (for the two-thirds of participants who believed in its power) lowered perceived risk and encouraged bolder economic behavior, highlighting how cultural interventions can alter outcomes by shifting expectations.

Wang et al. (2023) offer a fascinating example of how field experimental methods can uncover mechanisms linking religion to development outcomes. Using administrative data, they first show that when China's College Entrance Exam overlaps with Ramadan, Hui-Muslim candidates' scores fall by 0.13 SD. They then ran an experiment with 533 affected students, providing evidence on the cost of exam-taking during Ramadan, and randomly supplying half with a short text in which eminent imams cite Qur'anic grounds for postponing the fast. Because the message relaxes the religious constraint without changing the evidence students must interpret, the authors argue that treatment effects isolate motivated cognition—the tendency to down-weight information that conflicts with one's obligations. Consistent with this, untreated students under-read a graph of the Ramadan penalty by about 17%, whereas treated students' error shrank by 44%. Follow-up "list-experiment" questions revealed a parallel shift in attitudes: only when clerical permission and cost information were combined did acceptance of delaying the fast rise significantly. The study thus shows that religious duties can distort learning, and that carefully crafted field experiments can identify both the distortion and religious responses that mitigate it.

Relatedly, recent work has begun to consider religion not just as an object of study but also as a potential policy lever. Gulesci et al. (2025)'s model of "stepping-stone" norm transitions high-

lights the importance of religious leaders' opposition to a harmful norm (in this case, Pharaonic circumcision, a particularly harmful form of female genital cutting) to enable transition away from the practice. Buccione (2024) implements a randomized field experiment in Jordan to test whether explicitly religious messaging can drive real behavioral change in water conservation. Nineteen female Islamic instructors taught one treatment class—delivering a Qur'an-anchored lesson on the sanctity of water—-and one control class on an unrelated religious topic, with both groups receiving identical (secular) information on water-saving methods. Women in treated classes were 28% more likely to donate to a water charity after the lesson and, three months later, reduced household water use by 17% as measured on their quarterly water bills. The study provides experimental evidence that leveraging trusted religious authorities and doctrinal content can potentially serve as a low-cost policy lever for environmental and development goals in EDCs.

4. Religious Institutions and Development

Developing countries stand in contrast to Western societies not only for the vitality and the diversity of their religious beliefs, but also for the outsized importance of religious institutions in various domains of economic life. In many low- and middle-income settings, the state is either unable or unwilling to provide adequate social services, and religious institutions step in to fill the void. Churches, mosques, temples, and faith-based organizations often deliver education, healthcare, food aid, and financial support where government capacity is lacking. This functional role remains a hallmark of religion in many countries, bolstering its legitimacy in the eyes of citizens, and resulting in enduring "dual" institutional systems wherein secular state institutions operate alongside religious institutions performing comparable functions. In turn, states in many EDCs must contend with powerful religious institutions that actively engage in politics. A growing literature seeks to understand institutional equilibria featuring powerful religious institutions, and how the latter have shaped economic development in EDCs.

4.1. Origins and Consequences of Dual Religious Institutions

Deep determinants: Early contributions in the literature on religion in EDCs emphasized the role of religious institutions in shaping the long-run dynamics of capital accumulation and growth. For instance, several papers studied the distinct institutional trajectories of Islamic relative to

Christian societies, emphasizing how Islamic institutions affected financial development (Grosjean 2011; Rubin 2011) and human capital formation (Chaney 2011; Cinnirella et al. 2023) through their effects on private ownership structures, access to credit, and redistribution.[5] Throughout the Middle East, the *waqf*, a type of inalienable charitable endowment in Islamic law, hampered efficient resource utilization as it rigidly locked vast assets into inflexible uses, and in doing so, may have contributed to economic stagnation in the region (Kuran 2011, 2016). At the same time, other Islamic institutions fostered income redistribution through fiscal transfers in return for safe passage for trade (Michalopoulos et al. 2016)—see Kuran (2018) and Kuran and Zulfiqar (2026) for comprehensive reviews of this strand of research.

Theoretical and empirical work has explored the political economy factors that explain the enduring influence of religious institutions in EDCs. Bisin et al. (2024) model the joint evolution of culture and political institutions that emerge from the dynamic interactions between rulers, secular and religious elites, and civil society over the course of history. Their model predicts that societies converge to either a secular or a religious stationary state; this is used to illustrate the distinct institutional paths of Middle Eastern societies. Auriol et al. (2023) show how political compromises between secular authoritarian rulers and religious elites (as well as military actors) can lead to institutional stagnation, precluding radical reforms and allowing religious institutions to endure (see also Platteau 2017). Gitmez and Robinson (2024) argue that the all-encompassing nature of Islamic (*sharia*) law enabled citizens to identify abuses of power and to discipline rulers historically, while at the same time making it less likely that non-religious institutional constraints on political rulers would emerge. Bentzen and Gokmen (2023) leverage data on pre-modern religious beliefs from the Ethnographic Atlas across 176 countries to show empirically that autocratic regimes are more likely to persist in societies where rulers have historically relied on religion to legitimize political power. Notably, much of this earlier work has focused on understanding the so-called "long divergence"—in terms of institutions and economic prosperity—between Western and Middle Eastern societies. As such, studying the emergence of strong religious institutions in other settings (e.g., South or East Asia) represents a promising direction for future work.

Another strand of the literature studies the long-run economic impacts of Christian missions in former colonial empires. For centuries, religious missions were central to building human capital

[5]To this day, there are substantial gaps in terms of intergenerational educational mobility between Christians and Muslims in Africa (Alesina et al. 2023).

in many colonies: missionaries established some of the first local schools and clinics in parts of Africa and Latin America, thereby intertwining religious authority with social welfare. Catholic and Protestant missions in Africa appear to have left a legacy of higher literacy, living standards, and access to health services, as well as enduring religious affiliation and shifting moral values in the catchment area of former missions (Cogneau and Moradi 2014; Nunn 2014; Wantchekon et al. 2014; Cagé and Rueda 2020; Bergeron 2025).[6] In Argentina, Brazil, and Paraguay, Jesuit missions had persistent positive impacts on educational attainment, incomes, and structural change (Valencia Caicedo 2019); in Mexico, the impacts of Jesuit missions were confined to urban colonial elites and dwarfed by those of Mendicant missions (Waldinger 2017). Other papers find broadly consistent evidence on the long-run impacts of Protestant missions in China (Bai and Kung 2015) and Catholic missions in India (Castelló-Climent et al. 2018).

Institutional Dualism: As a result of these complex historical processes, governments in many EDCs often operate alongside religious organizations commanding superior legitimacy and efficacy in varied domains such as tax collection, education, health, or justice. Recent work studies how the interplay between state and religious providers in these domains has shaped economic development in EDCs.

Tax collection, one of the key pillars of state capacity, de facto involves the participation of religious organizations in various parts of the developing world. Many systems of informal taxation have religious underpinnings; this includes different types of mandatory or voluntary in-kind transfers that are often bundled together with collective acts of prayer and alms giving. While these practices have received limited attention in economics (Olken and Singhal 2011), they have long been the focus of anthropological research. In Indonesia for instance, Geertz (1983) studied how communal work activities—a form of in-kind informal taxation—are frequently accompanied by collective rituals (*slametan*) that effectively blend elements of Islamic practice with traditional Javanese religion. In Islamic societies, taxes and transfers based on *zakat* play a prominent role, whether they are partly enforced by the state (as in Pakistan or Saudi Arabia) or primarily through social norms and sanctions. While considerable resources are channeled through *zakat* (sometimes exceeding state social protection expenditure, see Gallien et al. (2025)), survey data shows that individuals overwhelmingly prefer paying *zakat* directly to individuals

[6] Jedwab et al. (2022) discuss the endogeneity of mission placement throughout the continent and question the link between missions and economic development.

or religious organizations rather than the state (Gallien et al. 2023), highlighting the greater legitimacy attributed to religious institutions in the collection of welfare contributions.[7]

Another domain where religious organizations exert considerable influence in EDCs is the supply of education. Bazzi et al. (2025) study the interplay between state and religious providers of schooling in Indonesia following the country's mass educational expansion, known as SD INPRES, in the 1970s. Newly built religious (Islamic) schools funded through informal taxation entered the same local markets (villages and districts) as the new state schools and also offered more religious curricula after the policy. Consistent with the state's objectives, primary enrollment shifted towards public schools, but Islamic schools tapped into growing demand for secondary education, leading to a net increase in exposure to Islamic teachings among affected cohorts. Furthermore, the policy had unexpected ideological impacts: in the short run, electoral support for the regime fell in markets with more new public schools, while in the long run, religious identification increased among exposed cohorts. These findings align with a growing literature showing that government-led secular education reforms in EDCs—potentially targeting competing religious organizations—can lead to cultural backlash. Similar policies have been shown to induce children from religious families to drop out of state-run schools in other settings (Platas 2014; Sakalli 2019; Carvalho et al. 2024).

Lowes and Montero (2019) focus on the provision of healthcare by traditional healers who are often believed to have supernatural abilities and who operate outside of the formal medical sector. They explore the correlates of traditional medicine use. In a separate paper, the authors find that French colonial medical campaigns to treat sleeping sickness are associated with a present-day decrease in vaccination rates of children and a lower willingness to consent to non-invasive blood tests, in central Africa (Lowes and Montero 2021). Lowes and Montero (2019) show that exposure to these campaigns is associated with higher use of traditional medicine. Additionally, those who believe that witchcraft can cause HIV are more likely to use traditional medicine. In related work, Sievert (2025) shows that survey respondents in the DRC overwhelmingly attribute illnesses to supernatural causes, and that supernatural beliefs are associated with lower perceived efficacy of modern medicine, and lower use of modern medicine. Understanding the role of traditional and religious institutions in healthcare provision represents a promising area for future work.

Because religious organizations are important welfare providers in many EDCs, people fre-

[7] In economics, *zakat* contributions have also been linked to terrorism financing and recruitment (Limodio 2022).

quently trust them more than state agencies. For example, survey data in Africa shows that "only religious leaders, the army, and traditional leaders still enjoy majority trust, while political institutions are trusted least" (Adaba and Boio 2024). Across the Middle East, faith-based actors provide a wide array of social services and simultaneously benefit from a trust advantage; the latter seems primarily rooted in group-based trust among individuals with a shared religious identity (Cammett and Luong 2014; Livny 2020). This trust could be grounded in experiences where citizens see faith-based groups building clinics, running schools, or distributing relief during humanitarian crises.[8] Acemoglu et al. (2020) study the determinants of trust in state and nonstate actors, randomizing the provision of truthful information about court delays in state courts in rural Pakistan. Improved beliefs about judicial efficiency in state courts leads to citizens reporting higher likelihood of using them. This may undermine the appeal of alternative nonstate providers of conflict resolution, including religious courts. These findings help us understand how the efficacy of service provision, including judicial efficacy, might have bolstered the political legitimacy of religious actors such as the Taliban—outside economics, see Grasse et al. (2024) for relevant evidence from Afghanistan.

Religious Institutions and Demand for Religious Politics. Religious institutions and culture dynamically reinforce each other, stimulating demand for more religion in politics. In 1960, Indonesia's Basic Agrarian Law aimed to redistribute land by imposing ceilings on individual landholdings, while also exempting land assets held under religious status. Bazzi et al. (2020) show that this episode contributed to the buildup of religious capital and drove subsequent demand for religious politics across Indonesia. Regions facing the greatest threat of expropriation saw a surge of land placed into inalienable religious (*waqf*) assets. In turn, these transfers enabled local communities to support Islamic boarding schools and mosques, nurturing extensive alumni networks which later became politically influential. Several decades later, the same areas exhibit higher vote shares for Islamist parties, more frequent adoption of local *sharia*-inspired regulations, greater use of Islamic courts, and a larger local presence of the Ministry of Religious Affairs.

Thus, demand for religion often thrives among individuals and communities endowed with substantial religious capital (Iannaccone 1990; McBride 2015), possibly as a result of long-run

[8]For instance, Islamic *zakat* charities often operate extensive welfare networks in South Asia; Christian hospitals and schools are pillars of many sub-Saharan communities; and in Latin America, Catholic and Evangelical churches provide addiction recovery, youth programs, and disaster aid. International development actors have increasingly recognized this reality and, over the past two decades, global agencies have initiated a "turn to religion" in development policy (Tomalin 2018).

historical processes or accidents at critical junctures (see also Chaney (2013); Belloc et al. (2016)). Religious institutions also enable religious leaders to seek and gain access to political office, which may in turn undermine the quality of governance (Mehmood and Seror 2023). Historical legacies of economic cooperation and competition across groups, interacted with electoral incentives, are also important to explain contemporary ethnic and political violence (Jha 2014; Mitra and Ray 2014). Similar dynamics can unfold in areas with a strong historical presence of the Catholic Church. Martínez-Bravo et al. (2025) exploit the Vatican's sharp ideological turn under Pope John Paul II to study how shifts in Catholic leadership shape redistributive land conflict in Brazil. When progressive bishops—long supportive of the landless movement—were replaced by more conservative successors, the number of land invasions in their region fell markedly. The paper underscores the capacity of religious hierarchies to modulate collective action around inequality and property rights.

Lowes et al. (2025) show that like mainstream religions, traditional beliefs may also be deeply integrated with politics. Counter to the logic of workhorse models of political selection and accountability, political legitimacy in EDCs may be linked to perceived connections with ancestors and the supernatural. In the DRC, local leaders are often viewed as being endowed with supernatural abilities. While individuals report this as being an important trait of a leader (since these leaders can protect the community from supernatural harm), having supernatural abilities is also viewed with mistrust. This ambivalence reflects the tension between having a leader capable to provide for the community, and the potential negative consequences of such power.

Finally, a growing literature studies the role of mainstream and religious media in shaping demand for religion in politics, and how media may have contributed to the rise of Evangelical movements in EDCs. Buccione and Mello (2023) show that a church-affiliated TV channel nurtured support for Pentecostal politicians in Brazil, while Sola (2023) finds that translations of the Bible into indigenous languages by a U.S. Evangelical group had similar effects on the rise of the Brazilian Pentecostal movement. Ahmed et al. (2025) examine the effects of the TV adaptation of a highly popular Hindu epic, "Ramayan" in the 1980s. They find that exposure to the show increased Hindu religious identity among the show's millions of watchers, and nurtured the rise of the Hindu nationalist Bharatiya Janata Party (BJP) in Indian politics. Evidence from other social sciences suggests that the media also played an important role fostering the rise of Pentecostal movements in Africa (Becker et al. 2018).

4.2. Religious Marketplaces and Adaptive Competition

For most of history, the powerful imposed their religions on the conquered via force; today, religious affiliation is primarily shaped by market competition. Religions win followers through persuasion, pricing, and service provision. Protestantism—especially its recent, decentralized offshoots such as Pentecostalism and Seventh-day Adventism—has thrived under these conditions, capturing roughly a quarter of the world's Christians.

Economists have recently begun to explore how religious organizations compete in these emerging markets. An important early study by Hanson and Xiang (2013) modeled U.S.-headquartered Protestant denominations as "multinationals" that choose which national markets to enter, how many congregations to license, and what governance form to adopt. Using data on 130 denominations operating in 88 countries, they show that two traits drive success in the EDCs: (i) doctrinal strictness, which raises member commitment and is most attractive where state welfare provision is thin and existential risk (disasters, disease) is high, and (ii) organizational decentralization, which empowers local pastors and lets churches scale rapidly when transport and communication costs fall. These mechanisms help explain why decentralized Pentecostal networks now outpace older hierarchical churches across many world regions.

In line with this logic, many economists and sociologists have long conceptualized churches as providers of club goods in a competitive religious market. This approach explained puzzles such as why strict sects often out-compete more lenient ones—since costly requirements can deter free-riders and intensify commitment, as noted by Iannaccone (1992) and Berman (2000) in the case of Ultra-Orthodox Jews. Carvalho and Sacks (2021) provide a useful extension of the religious club goods model allowing for the possibility of religious discrimination and religious competition in the presence of increasing returns to membership. Recent work by Seabright (2024) advances this literature by recasting religions not merely as club-good providers, but as platform organizations that intermediate exchanges among their members. In this platform model, adherents jointly produce and consume religious benefits through their interactions within the community, and the role of the religious organization is to facilitate these linkages. Viewing religious groups as platforms that harness member contributions sheds new light on how religions compete and offers a clear rationale for the success of some high-commitment religions: stringent doctrines or demands (e.g. mandatory tithes or behavioral strictures) effectively screen for devoted, high-quality participants, thereby boosting the trust, solidarity and intra-group services available to

each member (Seabright 2024).[9] By treating religions as evolving multi-sided platforms, this framework links doctrinal and organizational innovations to competitive advantage, enriching our understanding of why some religions grow or decline.

Montero et al. (2025) push the marketplace analogy further by asking how a church adjusts when the "price" of belonging changes. They exploit the fact that Seventh-day Adventists (SDA) prohibit the production of tobacco, coffee, and tea. Combining variation in crop-suitabilities, global crop prices, and detailed SDA records for nearly 200 sub-national SDA units in sub-Saharan Africa, they construct a time- and place-varying opportunity-cost index of membership. They find that a 10% rise in the local cost of forgoing those crops reduces new baptisms by roughly 0.5% and heightens "spiritual struggle" among existing members. Importantly, local SDA churches attempt to offset higher costs by opening more schools and by de-emphasizing prohibitions during sermons. These adaptive moves have enabled SDAs to maintain or grow their membership despite adverse economic headwinds.

Recent work by Auriol et al. (2025) develop a model of faith-based organizations as platforms. They model these organizations as providing two types of services: a religious service, which provides a moral narrative, and a networking service, which allows members to connect with each other. The key insight of their model is that there are spillovers from the religious service, which helps screen for trustworthy members. Additionally, faith based organizations benefit from offering both services because they can offer them at higher prices and are more profitable. This paper highlights how religious institutions can act as a screening device and allow members to send credible signals of their commitment and reliability. For more on the platform model of religion, see the review in this volume by Seabright (2026).

Religious denominations also gain market shares by responding optimally to prevailing policies or environmental conditions. For example, Corbi and Sanches (2025) show that church tax-exemption policies have changed the structure of religious markets in Brazil: such policies disproportionately benefited Evangelical churches, which face lower entry costs, and helped them gain market share at the expense of the Catholic church. The rising influence of Evangelical churches later translated into greater electoral support for Evangelical politicians. Similarly,

[9]Historically, the adaptability of such platforms has been crucial to their success. As Strathern (2019) argues, transcendental religions have often expanded and endured by incorporating elements of local, immanent traditions—absorbing spirits, ritual practices, and moral codes into their theological frameworks as they enter new societies. This syncretic capacity enables them to maintain universal claims while resonating with diverse cultural contexts, enhancing their appeal and competitive edge.

Espín-Sánchez et al. (2023) examine rainmaking rituals and model them as a form of Bayesian persuasion: religious leaders time public prayers to coincide with periods when both the demand for rain and the probability of rainfall are high, thereby maximizing perceived efficacy. Using global ethnographic data, they show such practices are more common among societies reliant on intensive agriculture and facing rising rainfall hazards during prolonged dry spells, illustrating how religious practices adapt to environmental patterns to sustain credibility and engagement.

Together, the emerging evidence from EDCs shows that both demand (individuals weighing costs and benefits) and supply (churches adapting benefits and doctrinal emphasis) are elastic: religious organizations behave much like firms that re-price, re-package, or relax product features to retain market share when input costs rise.[10]

A similar fascinating body of work explores the drivers of religious conversion. Barro and McCleary (2024) study the country-level factors influencing conversion, combining four ISSP survey waves (1991, 1998, 2008, 2018) that record both current affiliation and the religion in which respondents were raised to derive country-level conversion rates for eight major faiths. Conversion flourishes where the religious "menu" is broad: a one-standard-deviation increase in pluralism lifts the switching rate by roughly 87%. By contrast, legal barriers such as bans on proselytizing or inter-faith marriage sharply suppress conversion, as does a legacy of Communism that lowered the social value of religious participation. Economic conditions matter as well: higher per-capita GDP is associated with lower mobility, while additional years of schooling make switching more likely—suggesting that education eases search and adaptation costs.

A recent study using a field experiment in Kenya underscores how elastic denominational choice can be once education and earnings start to rise. Alfonsi et al. (2024) follow more than 5,000 rural pupils for two decades after a randomized school deworming program that lifted schooling, health, and income. Adults treated as children are significantly less likely to switch into fast-growing Pentecostal churches and more likely to remain in the historically dominant Catholic or Anglican denominations, yet their overall religiosity is unchanged. Interestingly, the effect is strongest for those who gained the most human capital, suggesting that higher opportunity costs dampen the appeal of interventionist, "prosperity-gospel" movements without pushing people out of religion altogether. In dynamic religious marketplaces, development can therefore reshuffle

[10]This work contributes to an important body of work studying religious competition in the U.S. and Europe (e.g., Iannaccone 1991; Finke and Stark 1998; Gruber and Hungerman 2008; Cantoni et al. 2018).

market share among faiths rather than secularize the population.

5. Conclusion & Lessons for Future Research

The evidence reviewed in this chapter underscores that religion in emerging and developing countries is not receding but is instead dynamically adapting to shifting economic, political, and cultural landscapes. Persistently high levels of religiosity, the resilience of traditional belief systems, and the central role of religious institutions challenge the predictions of the secularization hypothesis in these settings. Rather than seeing economic development as a one-way street toward secularization, the literature at the intersection of development economics and the economics of religion illustrates the complex interplay between modernization, existential insecurity, and religious adaptation.

Several open questions remain. A deeper understanding of religious syncretism—when, why, and how hybrid forms of belief emerge—would help explain the persistence of dual systems of meaning that blend transcendental and immanent traditions. Similarly, religious marketplaces in EDCs merit closer exploration, especially the role of market structure and the possibility of collusion or strategic adaptation among denominations competing for adherents in a global context of economic, cultural, technological, and environmental change. To address these questions, researchers should aim to consider not only formal affiliations with "big" transcendental religions, but also other forms of belief, including traditional and syncretic systems that coexist with, and often shape mainstream religious practice.

Finally, the important role of religious institutions in public goods provision and service delivery, as well as their enduring influence in the political sphere mean that development research and policy should explicitly consider how these institutions respond to government interventions and ultimately affect their success. In many contexts, religious actors operate in parallel with or in place of the state, with implications for whether development programs succeed or fail. By exploring these questions, future research can move beyond static comparisons of "more" or "less" religious societies, and toward an even richer understanding of how religious beliefs, practices, and institutions evolve—and how they influence the broader trajectories of economic and social change.

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