

RELIGIOUS NATIONALISM AND HOME BIAS

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Abstract: *This study explores the impact of religious nationalism on domestic portfolio investment within a country. Examining data from 36 developed and emerging markets spanning the period of 2004-2021, the results suggest that investors from countries with significant religious nationalism sentiment tend to allocate a greater portion of their portfolio to domestic equities, leading to less international diversified portfolios. Religious nationalism promotes cultural uniformity and the preservation of traditional values, prioritizing the protection of religious symbols and customs over embracing innovation. Furthermore, the findings indicate that religious nationalism exacerbates religious discrimination against minority religions, thereby increasing investments in home markets. Moreover, I illustrate that religious nationalism is particularly relevant in emerging markets.*

Key words: *equity home bias; religion; nationalism; religious nationalism; religious discrimination*

JEL Classification: *G11; G15; Z12*

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