

## **ABSTRACT**

*This study aims to analyze the influence of digital payments on economic growth in Indonesia by applying the Solow model of growth. This model emphasizes the role of capital accumulation, labor, and technological progress as the main determinants of long-term economic growth. This study uses panel data from 34 provinces in Indonesia during the period 2019–2023 and is analyzed using Fixed Effects Least Squares Dummy Variable (LSDV) regression with robust correction through the Newey-West Heteroskedasticity and Autocorrelation Consistent (HAC) method.*

*The results show that digital payment instruments, including debit/ATM card transaction values, credit cards, and electronic money, have a positive and significant effect on economic growth. In addition, physical capital growth also has a positive and significant effect. However, the effective capital depreciation rate shows a negative and insignificant relationship to economic growth. These findings support the importance of digitalizing the payment system as a driver of economic growth in the era of digital transformation.*

**Keywords:** *Digital Payment, Economic Growth, Solow Growth Model, FEM LSDV.*