

ABSTRACT

This study examines the determinants of money demand in Indonesia. The findings show a significant shift in money demand behavior due to economic uncertainties and a shift in economic behavior caused by the pandemic. This study explores key research questions concerning the development of money demand in Indonesia by examining macroeconomic indicators including income, exchange rates, interest rates, and inflation together with financial innovation trends including ATM transactions, e-money transactions, and the effects of the pandemic, represented by the COVID-19 dummy variable. The findings show that classical economic factors played an important role in shaping money demand over time. The pandemic has led to changes in behavior, marked by the growth of electronic money and ATM usage. The study provides insights and policy recommendations for managing money demand in a post-pandemic economy, emphasizing the necessity for effective monetary policies and the promotion of digital financial services. This study contributes to the understanding of determinants of money demand and offers a basis for future studies in this area.

Keyword: *Money Demand, Macroeconomic Indicators, COVID-19 Pandemic, Digital Transaction, Monetary Policy, Indonesia Economy*

JEL Classification: *E41, E42, E50*

