Trust and Religion: Experimental Evidence from Bangladesh

Working paper 167

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Abstract

Trust is measured using both survey questions and a standard trust experiment using a random sample of individuals in rural Bangladesh. We found no significant effect of the social distance between Hindus and Muslims in the trust experiment in terms of fractions sent or returned, but the responses to the survey questions indicate significant differences: Hindus, the minority, trust other people less in general, and Hindus trust Muslims more than the other way around.

Key words: social capital; trust; social distance; religion; trust game; field experiment; Bangladesh

JEL classification: C93, Z13

1. Introduction

Whom shall I trust? This is a question that most of us ask ourselves almost on a daily basis. Trust in this sense refers to our expectation regarding the consequences of making ourselves vulnerable to subsequent actions and potential exploitation by someone else. At the social level there is much evidence that trust between people reduces transaction costs, fosters cooperation, and is hence important for economic and social development; see e.g. Fukuyama (1995), Knack and Keefer (1997), Zack and Knack (2001) Beugelsdijk et al. (2004) and Bohnet et al. (2005).

Fukuyama (1995) argues that in each culture or society there is a boundary of trust, such that people in relationships within that boundary are trusted, and thus considered to be trustworthy, to a much larger extent than people outside that boundary. Easterly and Levine (1997) showed that the degree of ethnic diversity, in terms of an ethnolinguistic fractionalization index, can explain much of the observed cross-country differences in pro-growth policies as well as political stability.

Both hypothetical trust questions related to social distance as well as to the trust experiment have been applied to analyse this issue with mixed results (e.g. Buchan and Croson, 2004, Buchan et al, 2004, and Glaeser et al, 2000). A slightly different approach is applied in an empirical analysis by Alesina and Ferrara (2002), who found that belonging to a minority, which is often a group that has historically been discriminated against, is associated with having low trust, whereas religious beliefs and ethnic origins *per se* do not significantly affect levels of trust. At the beginning of the 20th century, Max Weber argued that religion can have both a

positive and a negative impact on economic growth, through its impact on social organisation.[2]

The use of survey-based measures of trust in order to explain differences in social functioning are being used increasingly frequently in the social sciences. However, economists have historically preferred to rely exclusively on observed revealed behaviour, and hence they have been reluctant to use self-reported survey questions whose validity has been questioned (see e.g. Bertrand and Mullainathan, 2001). However, all methods have their problems and how best to measure trust in a society is still a debated question. In this paper, we combine standard trust survey questions and a trust game (see e.g. Berg et al., 1995) in rural Bangladesh, where we target the general population. It investigates the effect of social distance[3] (based on religious belonging) on trust and trustworthiness both within and between Muslims and Hindus. Thus, there are four different combinations that will be investigated.

In Bangladesh, there are two main religions; Islam, which is the dominating state religion to which 88% of the population state that they belong, Hinduism which accounts for about 11% of the population, whereas the remaining 1% mainly consists of Christians and Buddhists. However, 98% of the population is Bengali, i.e. most of the population comes from the same ethnic group.[4] The Bangladeshi society of today is fairly mixed with Muslims and Hindus living together in many villages. However, since Bangladesh's independence from Pakistan in 1971, socio-economic distress as

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[2] Weber attributes the emphasis on good work and salvation in Protestant Ethics as the source for development.

[3] We use the term "social distance" broadly in the same way as it is defined by the Encyclopedia of Psychology (2000): "the perceived distance between individuals and groups".

well as the lack of democratic governance have been contributing to an assault on minorities, from time to time, because it has created, to varying extents, apprehension and alienation among the various communities, particularly in rural areas. More recently, there has been growing evidence of attacks on Hindu communities in the aftermath of the 2001 general election that brought a coalition of a nationalist and a pro-Islamic party into power (Guhathakurta, 2002, 2004), creating further tension and possible distrust. This sense of insecurity and uncertainty may make people mistrustful and hesitant about long term-exchange relations that are often emphasised as being important for social development. Similar tensions between groups of people are found in many, perhaps even most, developing countries.

Moreover, Bangladesh is a particularly interesting country in its own right for the study of trust because it has been ranked as the most corrupt country in the world for the last 4 years (2001 to 2004) in Transparency International's corruption perception index, which is based on several polls and surveys measuring the degree to which corruption is perceived to exist among public officials and politicians.[5] Given that public officials and politicians are perceived as being corrupt, this may also influence lower levels of society. As argued , for example, by Alesina and Ferrara (2002), trust in existing institutions may therefore affect trust in other people. Rothstein and Stolle (2001) hypothesised that the development of institutional characteristics such as corruption is the most important factor of the spread of distrust

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[4] The remaining ethnic groups consists of tribal groups as well as Biharis, who are Urdu-speaking Pakistanis.

[5] This is a composite index, which reflects the views of business people and analysts from around the world, including experts who are resident in the respective countries. Corruption is defined as the abuse

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and general suspicion in a society, in contrast to Putnam (1993) who argued that trust largely develops through people's interactions in local voluntary organisations.

The objective of this paper is to test whether individuals are less inclined to trust others who are different from themselves in terms of the two main religions of Bangladesh, i.e. Islam and Hinduism. Perhaps somewhat surprisingly, our results from the trust game do not indicate any statistically significant differences based on religion in the trust experiment. However, we do find that Hindus, i.e. people from the minority religion, trust significantly less according to the survey responses, which is consistent with the finding of Alesina and Ferrara (2002). From these responses we also found that Hindus trust Muslims more than Muslims trust Hindus. Moreover, we also find a low level of stated trust in general, consistent with a hypothesis that corruption creates distrust between people. However, the fractions sent in the trust game are quite similar to most previous studies in developed (and much less corrupt) countries, and therefore do not provide any support for this hypothesis.

The paper is organised as follows: Section 2 presents a brief review of the literature where the effects of social distance on trust are measured using trust games. Section 3 presents our survey and experimental design, Section 4 presents the main results from both the survey and the trust game and Section 5 provides the corresponding econometric analysis. Section 6 summarises and concludes the paper.

2. Trust games and social distance

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of public office for private gain, e.g. bribe-taking by public officials in public procurement. (Transparency International 2003, 2004).

Participants in a typical trust experiment are anonymous and unknown to each other as well as being divided into two groups. These two groups contain participants who are either defined as "senders" or as "receivers" respectively. The sender is assigned a certain amount of money and must decide how much of the given money to send to the anonymous receiver, and how much to keep.[6] Any positive amount sent by the sender is, in general as well as in our experiment, tripled before it is given to the receiver. The receiver then decides how much of the total amount of money received, i.e. of the tripled amount of money sent by the sender, to transfer back to the sender. With perfect information, the theoretical sub-game perfect prediction of this game is that the sender should send zero to the receivers, since one should realise that the receiver has no incentive in sending anything back. However, a Pareto improvement is possible by sending some or all of the money, if the receiver returns at least one third of the tripled amount received. The sub-game perfect prediction has not been found at the average level in conducted trust experiments, although single participants do send and return zero amounts (see e.g. Cardenas and Carpenter, 2004 and Camerer, 2003). Thus, the structure of the experiment allows the sender to use trust in order to achieve an improvement over the sub-game perfect outcome. The amount sent by the sender is typically regarded as an indication of trust, and the amount returned by the receiver is typically regarded as an indication of trustworthiness.

Previous results for religion and ethnicity tests in a trust experiment setting are mixed. Glaeser et al. (2000) measure social distance by demographic similarities and they found no significant differences in the levels of trust, as measured by the amount

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[6] In the original trust game by Berg et al. (1995), the receiver was also given the same initial amount of money. The procedure adopted in this paper follows e.g. Glaeser et al. (2000), where the receiver was

sent, with a partner of different race or nationality. However, they did find that people were less trustworthy with such partners, choosing to send back less.[7] Based on Jewish Israeli students, Fershtman and Gneezy (2001) found, a mistrust of men of Eastern origin. Holm (2001), however, following a similar design to that of Fershtman and Gneezy, did not find any statistically significant discrimination effects in trust among students with different ethnic backgrounds in Sweden. Fersthman, Gneezy and Verboven (2002) found that Flemish and Valloon students in Belgium trusted each other less than they trusted students of their own group, but that they were no less trustworthy to students of the other group. They also found that students at an ultra-orthodox institution in Israel trusted students from a secular institution less than students from another ultra-orthodox institution, and vice versa. Burns (2004) found in a South-African student-based trust experiment that black receivers were considerably less well trusted than white receivers. Moreover, Willinger et al. (2003) conducted a cross-country trust experiment between French and German students. They found that neither the French nor the German students sent significantly different amounts according to whether the receiver was of their own nationality or not; the return ratios were also the same. Moreover, they also found that German students sent significantly more than French students, irrespective of the type of receiver. Buchan and Croson (2004) asked students in the USA and China to act as senders in hypothetical trust experiment questions with different imaginary receivers with varying degrees of social distance to the respondent within their own country. As

not given any initial money in the trust game.

[7] Another approach to measuring social distance in an experiment is by focusing on the degree of anonymity between the experimenter and the subject (e.g. Hoffman et al, 1996), or between the subjects (e.g. Dufwenberg and Muren, 2005).

expected, both the USA and the Chinese students answered that they would send much more to close relatives or students they knew well in comparison to unknown students or strangers. They also found that Chinese students stated that they would send more, across all contexts, than the USA students did. Buchan et al. (2004) found, by using a real-money trust experiment, that Chinese students sent more to other students than USA students did, which supports the results in the hypothetical trust game in Buchan and Croson (2004). As Buchan and Croson (2004) point out, this response pattern is very different from the one obtained from the World Value Survey. There the Chinese trust less in general, and they trust people from other countries much less than Americans do, on average.

The non-significant effect of religion and ethnicity that is found in trust experiments when using a subject pool of university students might be a result of the fact that students from different backgrounds are studying at the same university. Moreover, during the last 10 years, the number of exchange students has increased substantially around the world, especially within Europe, which might be another reason for the results found. Few experiments have used a non-student subject pool. Barr (2004) investigated potential effects of kinship in Zimbabwe. After independence, a large number of Zimbabwean households were resettled into new villages on land previously owned and farmed by commercial farmers. As a consequence, most households in these new villages are unrelated, contrary to traditional villages. She found that senders in resettled villages sent significantly less to a receiver in their own village, than did senders in traditional villages. However, she found no significant effects on the fraction returned in the trust game. Bouckaert and Dhaene (2004), on the other hand, investigated trust among Turkish and Belgian

businessmen in the Belgian town of Ghent without finding any significant differences due to ethnic origin.

3. The survey and the trust game

As far as we know this is the first study using a trust experiment to study religious discrimination based on a non-student sample. Although student samples are appropriate to analyse many tasks experimentally, on issues such as religious and ethnic discrimination, one can question the degree to which one can generalise the results from a student sample to the general population. In this paper we therefore use a sample from the general population in rural Bangladesh to test for differences in trust and trustworthiness based on religious beliefs among senders and receivers.

The experiment was conducted in villages of five districts of the Dhaka division[8]; Netrokona, Mymensingh, Gazipur, Manikganj and Narayanganj. The trust game was conducted at the end of a household survey and it was run among household heads in these selected areas. The choice of household head as respondents in Bangladesh is due to the fact that financial decisions made within a household are generally made, or at least approved, by the household head. We matched each sender from one village with a receiver from a nearby village, where typically 55%-75% of the households are Muslim. In the trust experiment, the participants were clearly informed about the religious identity of the person with whom they had been matched.

As discussed in Holm and Danielsson (2005), there is a risk of self-selection into a trust experiment if participation is voluntary (e.g. recruitment by posters) and

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[8] Bangladesh consists of six divisions, with each division being made up of several districts. In total, Bangladesh has 64 districts, 16 of which are located in the Dhaka division.

this might result in an over-representation of relatively trusting and trustworthy participants in the experiment. Therefore we chose a random sample strategy. Upon arrival at a village, the enumerators were allocated to different parts of it. They were then asked to conduct the household survey and to run the trust experiment in every fourth household with the household head.[9]

In the sender's household, the enumerator requested to conduct the trust experiment in private and free from any interruptions and they ensured the confidentiality of the responses. Then the enumerator began to read the instructions to the sender. The instructions included examples of the experiment presented as the outcomes of different decisions made by the sender and the receiver as well as the religion of the receiver. The senders were also informed. within the instructions, that they would be paid within three days. The senders were then given two envelopes. One of them contained their original endowment of 200 Bangladeshi Taka and the other one was empty.[10] The senders used the empty envelope to send the amount of money that they decided upon to the receiver. In the experiment we used thick envelopes in order to prevent enumerators guessing by eye how much had been sent to the receiver, and thus implicitly knowing the amount kept. The enumerator ensured that the decision was made in private by turning his back to the sender while the

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[9] If the household head was not around, the enumerators were instructed to go back later. If a selected respondent was not at home during the second visit, the enumerator moved to the next neighbouring household. In the villages, people from the same family-chain normally live in a cluster of say 4-5 households and therefore a replacement from the next household, or in some cases the next but one household, should not bias the results. Replacement households form approximately 23 percent of our sample. Only 2% of available householders did not want to participate in the survey. Two days at most were spent in a single village due to the risk that people would start talking about the experiment.

[10] 57.8 Taka=1 USD at the time of the experiment.

money was being put into the envelope. The enumerator waited until the sender was ready with the envelopes. The sender was then asked to close the envelope that was to be sent to the receiver and seal it with a stamp that had been provided before returning it to the enumerator. The sender was instructed to do so even if he/she had decided to send nothing. The senders were assured that the enumerator would not know their decisions, as they would not open the envelope. At the end of the day, the enumerator handed the envelopes to the principal researcher, who opened them and put the tripled amount into new envelopes with pre-matched household codes.

The following day the enumerators were given these new envelopes to be delivered to the assigned receivers. After the instructions for the experiment had been read to them, including the same examples and information that were given to the senders, they received the envelope containing the tripled amount from the sender as well as an empty envelope. The enumerator then turned his back to the receiver who had been instructed to put the amount of money that the receiver wanted to return to the sender into the empty envelope. After putting the chosen amount in the envelope, the receiver closed and sealed it with a stamp that had been provided by the enumerator. At the end of the day, the enumerator returned the envelopes to the principal researcher, who checked and wrote down the amount to be transferred back. During the following day, i.e. on the third day, the envelopes were delivered back to the senders. Finally, all respondents were explicitly asked not to discuss the sums of money that they had earned from the experiment with anyone else.[11] There is, of course, always a potential risk of distrust towards the people and organisation running the experiment. In order to minimise this, university students were used as

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[11] The complete instructions are available upon request from the corresponding author.

enumerators, since the university is generally considered to be a trustworthy institution in Bangladesh (compared to many NGOs for example). Moreover, it was specifically mentioned that this was a joint research project being run by a local and a Swedish university.

4. Results

In Table 1 we show the average fractions sent and transferred back as well as the proportions of zeros for the whole sample as well as for each sub-sample of the experiment. In Appendix 1, we present the histograms on proportions sent and proportions returned by different sub-samples.

>>> Table 1

The average amount sent, 92.2 Bangladeshi Taka, is about 46% of their initial endowment of 200 Taka. The average amount returned was 134.1 Bangladeshi Taka, which equals a return ratio of 46%. The amount returned is, on average, in excess of the amount sent and thus it is, on average, profitable for the sender to send money. In our case, 38% of the senders gained from sending money to the receivers. This magnitude is in-line with the findings of Cardenas and Carpenter (2004), who summarise trust experiments conducted in developing countries and countries undergoing transition. They found that senders on average have benefited from trusting (i.e. sending money) in 17 out of the 25 trust games reported. Moreover, out of the 256 senders who participated in the experiment, 18 senders (7%) sent nothing while 46 senders (18%) sent everything. Out of 237 receivers[12], 11 receivers (5%) sent back nothing while 9 receivers (4%) sent back everything to the senders. As

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[12] One receiver refused to take part in the experiment.

shown in Table 1, there are generally fairly small differences in both the fractions sent and those returned with respect to the religion-based sub-groups. Based on non-parametric tests, we cannot reject the null hypothesis that the proportions sent in all sub-groups come from the same population using a joint Kruskal-Wallis test. Furthermore, we cannot reject the null hypothesis that two sub-samples come from the same underlying population at conventional levels using Wilcoxon-Mann-Whitney tests for all possible pair-wise combinations.[13] The corresponding null hypothesis for the fractions returned among the receivers cannot be rejected for any pair either (see Appendix for details).

Thus, we find no differences in trust, as measured by the fractions sent in a trust game, due to religious allegiance. Moreover, the fact that we find no difference in trustworthiness either indicates that people, on average, are correct in their judgement that there are no systematic differences in trustworthiness based on religious allegiance.

Using the most frequently used standard GSS trust question, "Generally speaking would you say that most people can be trusted or that you cannot be too careful in dealing with people?", we find that only about 3 percent choose the alternative that most people can be trusted, which seems to indicate a very low level of trust with the corresponding figures for Muslims and Hindus being 2% and 4% respectively. Since this measure, for obvious reasons, is very crude, we also asked a 6 level question on the degree to which they agreed to the statement "most people can be trusted" where they were informed that 1 corresponds to strongly disagree and 6

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[13] Both tests are non-parametric, i.e. distribution-free tests, and are thus appropriate here since it is difficult to make any a priori assumption about the distributions; see e.g. Siegel and Castellan (2000)

corresponds to strongly agree. The results are shown in Table 2. Even though these responses are less extreme, they still reflect rather low levels of general trust. We also asked the same question concerning people from their own religions as well as from others and find that, on average, people trust people from other religions less than they trust people from their own religion. This holds both for Muslims and Hindus although the differences appear to be somewhat smaller for Hindus. Based on nonparametric Wilcoxon-Mann-Whitney test, we find no statistical differences between Hindus and Muslims for their trust of people of the same religion (p-value=0.27), while general trust as well as trust of people of another religion are statistically significant at 1% level between the religious groups.

>>> TABLE 2

5. Econometric analysis

Table 3 defines the explanatory variables used in the econometric analysis and presents their mean values.

>>> TABLE 3

In Table 4 we present the estimates from OLS regressions to explain factors that may influence the fractions sent by the senders, as well as the fractions returned by the receivers.[14] Since we used several enumerators to conduct the fieldwork, we test whether there is an enumerator effect or not. We cannot reject the hypothesis of no enumerator effect in the trust game regressions in Table 4 (p-value 0.53 and 0.21,

for a description of these tests.

[14] We also estimated a separate model for proportion returned, where each sub-group's reaction to the proportion sent is analysed by interacting proportion sent with dummy variables for different sender versions. We do not find any significant effect, however.

respectively, for Model 1 and Model 2, based on joint F-tests. However, for the remaining regressions on stated trust, we can reject the hypothesis of no enumerator effect at a 5% significance level, and therefore we included dummy variables for the enumerators to control for the enumerator effect.

>>> TABLE 4

As is clear from Table 4, we found again no significant influence of religious allegiance either on the proportion sent or on the proportion returned, and none of the dummy variables for religious status were significantly different from zero. We also conducted *F*-tests, in order to test whether these three dummy variables were jointly significantly different from zero or not. Again, we cannot reject the null hypothesis of no differences between the sub-groups for either the fraction sent (p-value = 0.46) or the fraction returned (p-value = 0.56). The amount sent increases with age and this effect is significant at a 10% level. Thus, the age profile of the amount sent is similar to the findings by Kocher and Sutter (2003), who report an age pattern where the amount sent increases from childhood to early adulthood, but stays almost constant thereafter. However, our findings are in contrast to Bellemare and Kröger (2003) and Gleaser et al. (2002), as well as to the age pattern of stated trust reported in Putnam (2000), and to Fehr et al. (2003) who found that older people send significantly less. We also find a strong positive effect of income. As with Glaeser et al. (2000), we found that stated trust predicts trustworthiness, measured as the fraction returned, much better (1% significance level) than it predicts trust, as measured by the fraction sent. These results can be compared to those obtained from the ordered probit regressions of the *stated* trust 6-point scale survey questions, presented in the last

three columns in Table 4. The results show that Hindus in general trust less, consistent with the findings of Alesina and Ferrara (2002) that minorities trust less. Hindus also trust other Hindus significantly less than Muslims trust other Muslims, contrary to the finding of the non-parametric tests reported in Section 3. It is perhaps more surprising that Hindus trust Muslims more than Muslims trust Hindus. Given that trust increases with interaction, the pattern may be explained in part by the fact that, in general, Hindus are more or less forced to interact with Muslims more than Muslims have to interact with Hindus. [15]

We find that an index of confidence in institutions positively and significantly influences stated trust, which is consistent with the top down perspective of Rothstein and Stolle (2001), while trusting behaviour only increases stated trust significantly in the case of trust in people from other religions.

6. Discussion and conclusion

We find no significant evidence that religious allegiance affects the level of trust or trustworthiness in a trust experiment conducted in rural Bangladesh, as measured by the proportions sent and returned, respectively. This may simply reflect that social distance with regard to religious belief does not matter for trust and trustworthiness in rural Bangladesh, or that it matters only to a small degree. However, the survey data provides a very different picture where Hindus trust less in general, Hindus trust other Hindus less than Muslims trust other Muslims, and Hindus trust Muslims more than Muslims trust Hindus. There are also differences between the methods regarding how

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[15] However, we cannot rule out that this result may in part be driven by an enumerator effect. Since the enumerators were all (except one) Muslims, possible attempts to please the enumerators would then

one would interpret the average degree of trust. An obvious question, then, is which result should we believe in, or trust?

Some analysts, such as Glaeser et al. (2000), seem to take it as self-evident that trust experiments are superior to using survey questions, since the latter are not consequential in terms of real money. We are less certain, however. One advantage to using survey questions is that they measure concerns about trust more directly, because this is what they explicitly ask for, however noisy and biased the measurement may then be. Behaviour in a trust experiment, on the other hand, can have several different driving forces. For example, Cox (2004) presented evidence that behaviour in trust games partly measures other-regarding preferences, whereas Karlan (2005) found that it largely measures risk preferences, rather than trust. On the other hand, Eckel and Wilson (2004) found no significant relationship between the decision to send money in a simplified trust game and two behavioural risk measures used.

On the basis of the results here, we cannot a priori argue that one way to measure trust is better than the other. It is also possible that they measure different aspects of trust. What can be said so far is that for a random sample in rural Bangladesh, the two most frequently used methods to measure trust give very different results, in part confirming the discussed findings by Buchan and Croson (2004) and Buchan et al. (2004). Consequently, it is an important task for future research to provide better insights into how to interpret the results of the different measures, and possibly also into how to develop better trust measures and methods.

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clearly bias the result; cf. Bertrand and Mullainathan (2001).

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Table 1. Average proportion sent and returned by sub-samples based on religion.

	Total	Muslim sender Muslim receiver	Muslim sender Hindu receiver	Hindu sender Muslim receiver	Hindu sender Hindu receiver
Average proportion sent	0.46	0.46	0.46	0.43	0.50
Average proportion returned	0.46	0.46	0.51	0.42	0.44
Proportion of zero sent	0.06	0.06	0.05	0.10	0.08
Proportion of zero returned	0.06	0.03	0.03	0.05	0.07

Table 2. Stated trust as the level of agreement with the following statements

Level of agreement with the statement:	Most people can be trusted	Most people from own religion can be trusted	Most people from other religions can be trusted
Whole sample (N=512)			
Strongly disagree	13%	1%	13%
Disagree	25%	10%	23%
Partly disagree	31%	19%	28%
Partly agree	14%	19%	15%
Agree	8%	23%	8%
Strongly agree	9%	27%	13%
Muslims (N=256)			
Strongly disagree	10%	2%	20%
Disagree	22%	9%	28%
Partly disagree	34%	20%	24%
Partly agree	13%	15%	13%
Agree	10%	25%	6%
Strongly agree	11%	29%	9%
Hindus (N=256)			
Strongly disagree	16%	1%	6%
Disagree	29%	10%	19%
Partly disagree	29%	19%	32%
Partly agree	14%	24%	16%
Agree	6%	22%	10%
Strongly agree	6%	24%	16%

Table 3. Sample statistics.

Variable	Definition	Mean	Min	Max	N
Muslim sender-Muslim receiver	Muslim sender is matched with Muslim receiver	0.252	0	1	512
Muslim sender-Hindu receiver	Muslim sender is matched with Hindu receiver	0.246	0	1	512
Hindu sender-Muslim receiver	Hindu sender is matched with Muslim receiver	0.252	0	1	512
Hindu sender - Hindu receiver	Hindu sender is matched with Hindu receiver	0.250	0	1	512
Hindu religion	The religion of the respondent is Hinduism	0.50	0	1	512
Muslim religion	The religion of the respondent is Muslim	0.50	0	1	512
Age	Age of the respondent in years	44.7	19	87	512
Illiterate	Cannot read and write	0.28	0	1	512
Low education	Literate or education up to high school level	0.57	0	1	512
High education	Education above high school level	0.15	0	1	512
Income per-capita	Annual household income (in Taka) adjusted with equivalence and economies of scale. Total yearly household income was divided by [(number of adults + 0.5× number of children)$^{0.75}$×100000]	0.23932	0.009	3.64	511
Stated trust	Level of agreement with the statement that most people can be trusted (1= strongly disagree, 2= disagree, 3=partly disagree, 4=partly agree, 5=agree, and 6 = strongly agree).	3.05	1	6	512
Trusting behaviour	Frequency of lending money to friends and neighbours: 1=once a year or less, 2= about once every other month, 3= about once a month, 4= about once a week, 5= more than once a week.	1.81	1	5	512
Confidence index	Arithmetic sum of confidence on 10 institutions [Banks, NGOs, Military, Police, Judiciary, Local government, Executive Government, Political parties, Rural power elites, Educational institutions]: great deal of confidence=2, only some confidence=1, and hardly any confidence at all=0.	14.6	2	20	508
Religious participation	The respondent prays at least once a day.	0.67	0	1	511
Recent misfortune	The respondent has been victim to any of the following incidents in the last year: robbery /theft, mugging, personal assault, home attack, land fraud, false criminal accusation, or political harassment.	0.218	0	1	511
Membership of voluntary association	Has a membership in a voluntary group and/or association.	0.291	0	1	509

Table 4. Regression analysis of the proportions sent and returned in the trust game, and stated trust.

Dependent variable	Proportion sent	Proportion returned	Stated trust in general	Stated trust in people of own religion	Stated trust in people of other religion
Regression Type	OLS	OLS	Ordered probit [a]	Ordered probit [a]	Ordered probit [a]
Fraction sent		-0.037			
		(0.078)			
Muslim sender- Hindu receiver	-0.015	0.056			
	(0.056)	(0.067)			
Hindu sender- Muslim receiver	-0.030	0.026			
	(0.056)	(0.065)			
Hindu sender- Hindu receiver	0.054	-0.028			
	(0.056)	(0.064)			
Hindu religion			-0.361***	-0.254**	0.513***
			(0.100)	(0.101)	(0.101)
Age	0.016*	-0.007	-0.031	-0.006	0.003
	(0.010)	(0.011)	(0.023)	(0.024)	(0.023)
Age squared	-0.0001	0.0001	0.0003	0.0001	0.0001
	(0.0001)	(0.0001)	(0.0002)	(0.0002)	(0.0002)
Illiterate	-0.115	-0.104	0.268	-0.150	0.060
	(0.073)	(0.080)	(0.173)	(0.175)	(0.174)
Low education	-0.037	-0.057*	-0.104	-0.070	0.175
	(0.064)	(0.069)	(0.149)	(0.151)	(0.150)
Income per-capita	0.212***	0.029	0.051	-0.010	0.100
	(0.073)	(0.061)	(0.153)	(0.150)	(0.154)
Stated trust	0.021	0.060***			
	(0.015)	(0.018)			
Trusting behaviour	0.031	-0.008	0.058	-0.048	0.137***
	(0.019)	(0.022)	(0.046)	(0.047)	(0.047)
Confidence index	-0.003	0.002	0.045***	0.077***	0.032**
	(0.006)	(0.007)	(0.015)	(0.015)	(0.015)
Religious participation	-0.027	-0.085	-0.124	-0.174	-0.210*
	(0.045)	(0.052)	(0.110)	(0.111)	(0.110)
Member of voluntary association	-0.070	0.013	0.002	-0.100	0.167
	(0.044)	(0.050)	(0.107)	(0.110)	(0.110)
Recent misfortune	-0.046	0.087	-0.307***	0.054	0.011
	(0.045)	(0.058)	(0.115)	(0.116)	(0.114)
Constant	0.230	0.500			
	(0.272)	(0.291)			
R^2 [Pseudo R^2]	0.146	0.165	0.100	0.100	0.100
No. of observations	251	233	502	501	501

Standard errors are in parenthesis. Superscripts *, **, *** respectively denote statistical significance at the 10%, 5%, and 1% level.
[a]We control for enumerator effects, but the coefficients are omitted from the presentation.

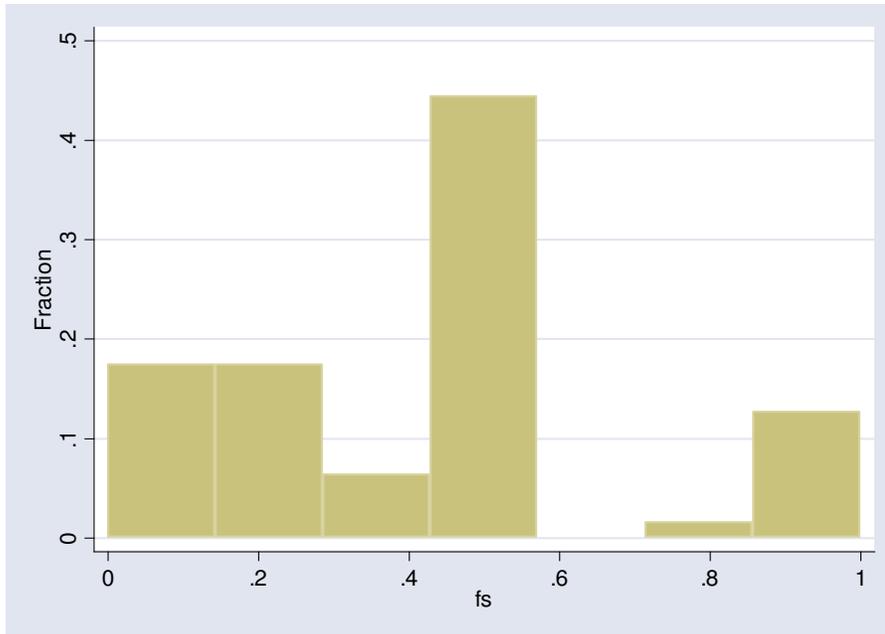Appendix 1. Histograms on the proportions of money sent and returned by different sub-samples

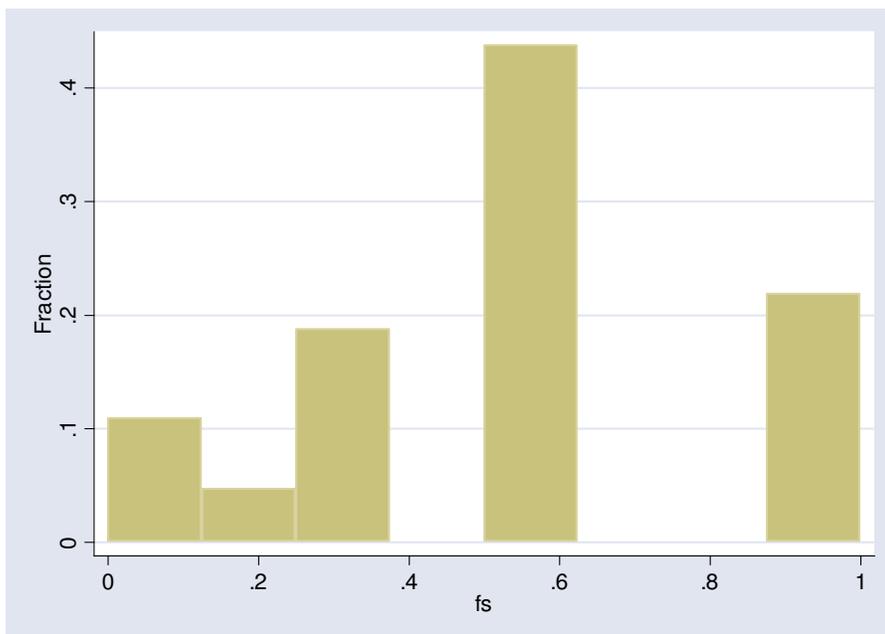**Figure 1 Proportion of money sent by Hindu senders to Muslim receivers**

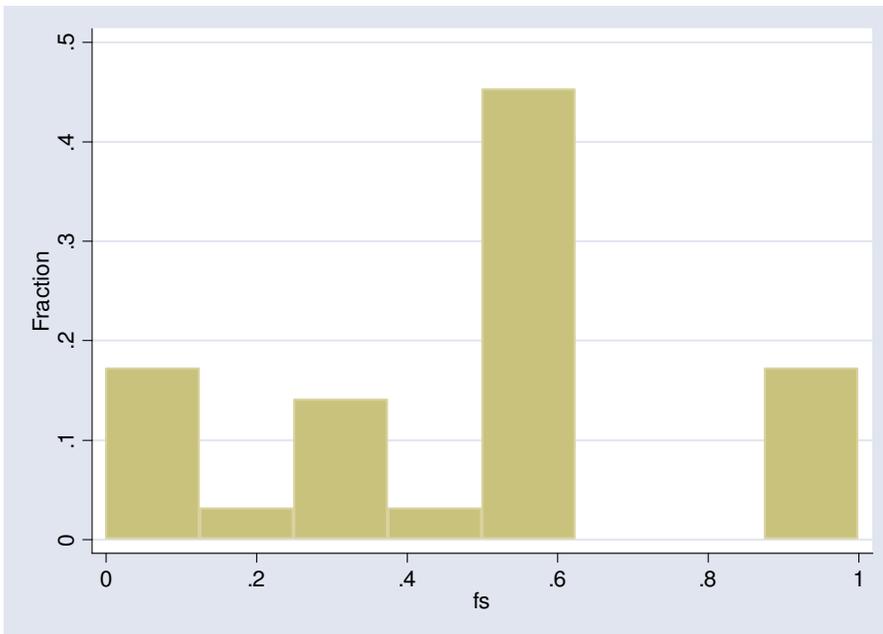**Figure 2 Proportion of money sent by Hindu senders to Hindu receivers**

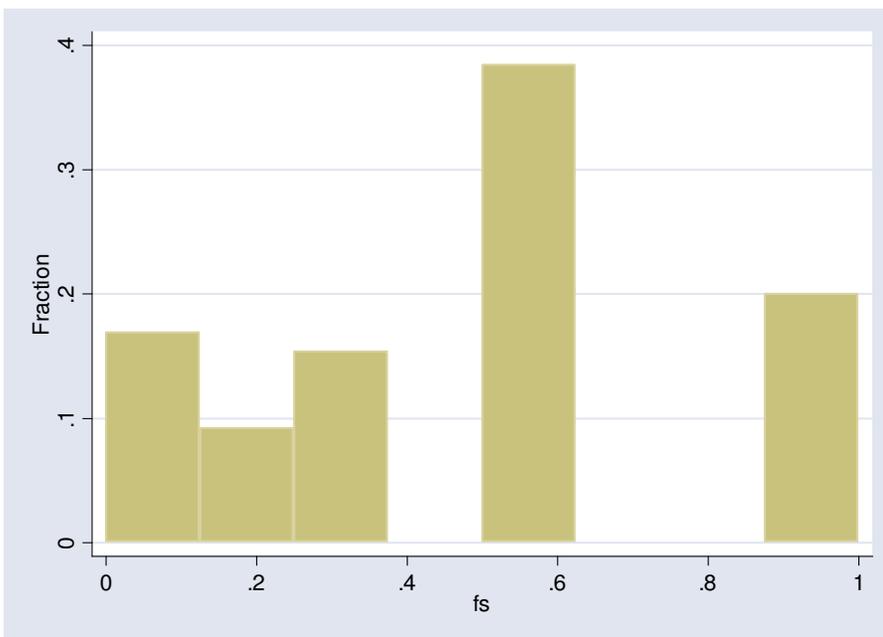**Figure 3 Proportion of money sent by Muslim senders to Muslim receivers**

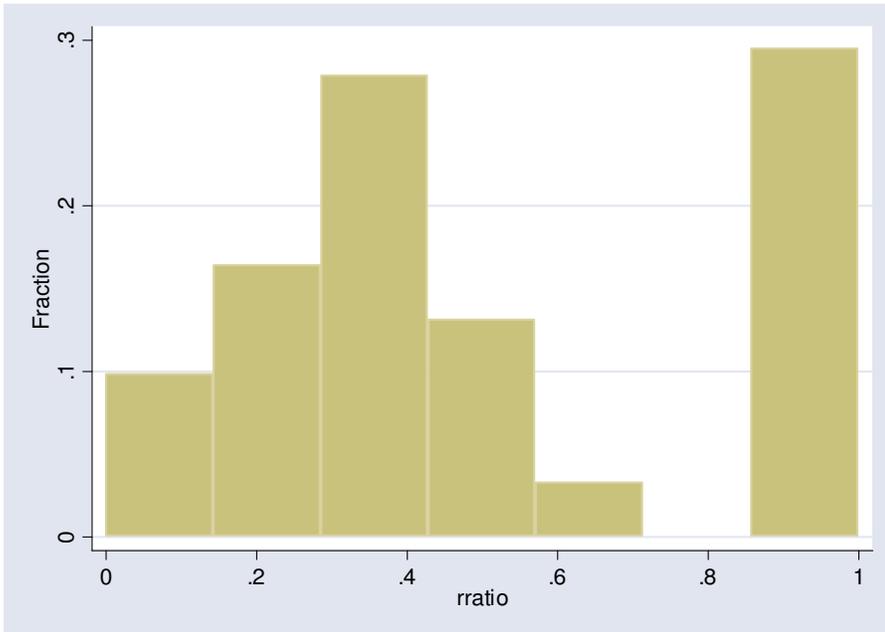**Figure 4 Proportion of money sent by Muslim senders to Hindu receivers**

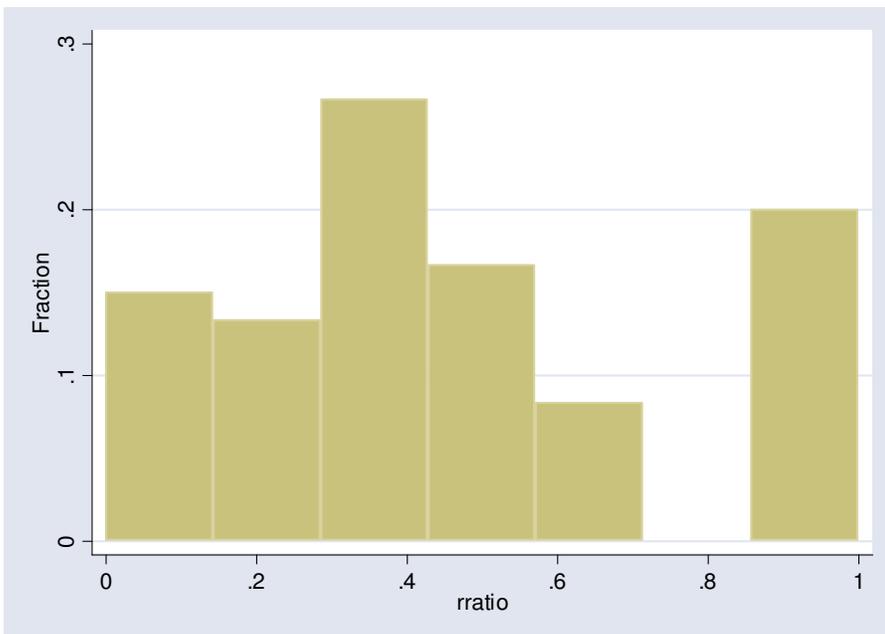**Figure 5 Proportion of money returned by Muslim receivers to Hindu senders**

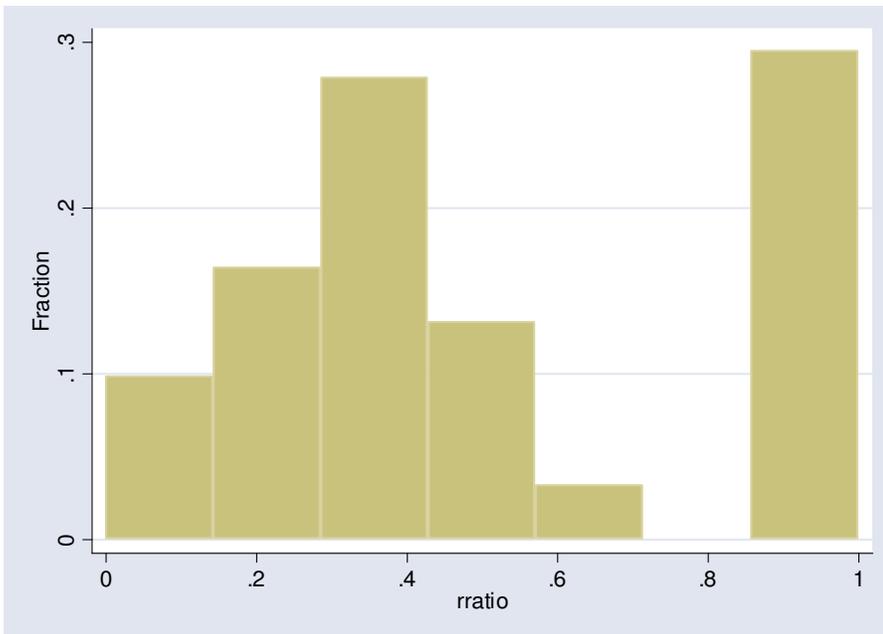**Figure 6 Proportion returned by Muslim receivers to Muslim senders**

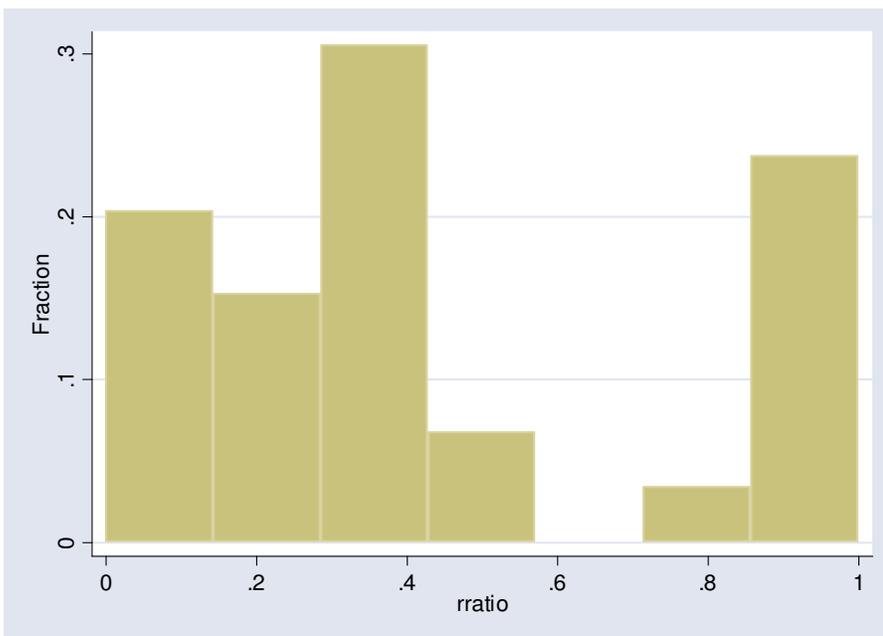**Figure 7 Proportion returned by Hindu receivers to Muslim senders**

Figure 8 proportion returned by Hindu receivers to Hindu senders

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Appendix 2

2.A. Wilcoxon and Mann-Whitney test and Kruskal Wallis test of difference between the proportions sent by different groups.

Hypothesis	p-value
Proportion sent by Muslim to Muslim = Proportion sent by Muslim to Hindu	0.814
Proportion sent by Muslim to Muslim = Proportion sent by Hindu to Muslim	0.602
Proportion sent by Muslim to Muslim = Proportion sent by Hindu to Hindu	0.590
Proportion sent by Hindu to Hindu = Proportion sent by Hindu to Muslim	0.310
Proportion sent by Hindu to Hindu = Proportion sent by Muslim to Hindu	0.410
Proportion sent by Muslim to Hindu = Proportion sent by Hindu to Muslim	0.871
Proportion sent by Muslim to Muslim = Proportion sent by Muslim to Hindu =Proportion sent by Hindu to Muslim = Proportion sent by Hindu to Hindu	0.760

2.B. Wilcoxon and Mann-Whitney test and Kruskal Wallis test of difference between the proportions returned by different groups.

Hypothesis	p-value
Proportion returned by Muslim to Muslim = Proportion returned by Hindu to Muslim	0.427
Proportion returned by Muslim to Muslim = Proportion returned by Muslim to Hindu	0.557
Proportion returned by Muslim to Muslim = Proportion returned by Hindu to Hindu	0.400
Proportion returned by Hindu to Hindu = Proportion returned by Hindu to Muslim	0.804
Proportion returned by Hindu to Hindu = Proportion returned by Muslim to Hindu	0.153
Proportion returned by Muslim to Hindu = Proportion returned by Hindu to Muslim	0.183
Proportion returned Muslim to Muslim = Proportion returned by Muslim to Hindu = Proportion returned by Hindu to Muslim = Proportion returned by Hindu to Hindu	0.426