

PERSONAL FINANCE

EP.4 HOLDING CASH



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AGENDA

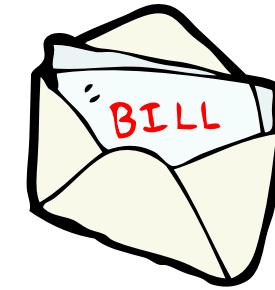
- **REASONS FOR HOLDING CASH**
- **WHY SHOULD NOT HOLD TOO MUCH CASH ?**
- **ADVANTAGES & DISADVANTAGES OF HOLDING CASH**

REASONS FOR HOLDING CASH

1

Transaction Motive

: holding cash to pay the day-to-day bills



2

Precautionary Motive

: holding cash in case of emergencies



3

Speculative Motive

: holding cash to take advantage of unexpected opportunities.



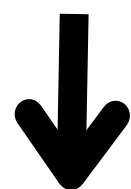
INFLATION: SUSTAINED INCREASE IN PRICE LEVEL OVER THE PERIOD OF TIME.

MR. BEAN HOLD CASH 100 ₺



10 YEARS AGO

10 ₺/UNIT

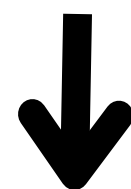


**MR. BEAN CAN BUY
10 CUPS OF NOODLES.**



PRESENT

↑ 50 ₺/UNIT



**MR. BEAN CAN BUY
2 CUPS OF NOODLES.**

**Inflation will lead to
"Lower Purchasing Power"**

**WHY SHOULD
NOT HOLD
TOO MUCH
CASH ?**

STATISTIC: INFLATION RATE IN THAILAND OVER 10 YEARS

**WHY SHOULD
NOT HOLD
TOO MUCH
CASH ?**



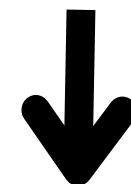
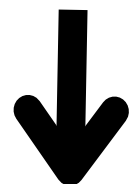
EXAMPLE: MR. BEAN HOLD CASH 100 ₺

**CURRENT
PRICE**

**FUTURE
PRICE**

100 ₺

107.6₺



can buy
1 unit of goods

unable to buy
product



**WHY SHOULD
NOT HOLD
TOO MUCH
CASH ?**

ADVANTAGES

It is high liquidity.

- Can support day-to-day expense or emergency events

DISADVANTAGES

You cannot receive return on investment.

If there is high inflation over the period of time, Purchasing power will be lower.

ADVANTAGES & DISADVANTAGES OF HOLDING CASH