



# Coronavirus Cash

*Dear Dr. Per Cap:*

*As a senior taking care of two grandkids I'm worried people will start withdrawing all of their money from banks. Should I start stock piling cash in case the COVID-19 pandemic gets really bad?*

*Signed, Cash Cruncher*

Dear Cash Cruncher

Fortunately we haven't seen any Great Depression style bank runs due to the coronavirus yet. However, some banks and credit unions are reporting an increase in withdrawals so your question certainly makes sense. But most banking experts and economists advise against cash hoarding during this crisis.

For more insight I reached out to my good friend and colleague, Dale Dedrick, Business Relations Manager for First Financial Credit Union in Gallup, New Mexico. Dale shared that his biggest concern currently is not the U.S. banking system but the stress the coronavirus will place on the health care system. He also explained that in other countries where the virus has taken a huge toll, such as Italy, people are not stock piling cash so we're not seeing any alarming precedents. Especially considering the fact that banks are classified as essential businesses and federal law requires that consumers have access to banks in times of natural disasters.

In fact First Financial has actually increased its business hours as a response to the coronavirus. Moreover, with people using cash less in exchange for debit cards and online transactions, there just isn't much need to hold paper money anymore regardless of the coronavirus.

Dale does say that having a little extra cash on hand right now doesn't hurt though, provided it's not too much to safeguard. But remember - when you withdraw your money from a bank or credit union it's no longer insured. That's an added risk because individual accounts are guaranteed in the event of a bank failure for up to \$250,000. How much is a reasonable amount of cash to keep? Dale says that for most people \$400 is probably more than enough.

And for folks who think one of those high flying digital currency's like Bitcoin is the way to weather the coronavirus crisis – think again. For the most part Bitcoin has tanked right along with the stock market and other financial assets amid the turmoil.

What about gold you ask? Well, it's a financial asset that people have looked to during times of uncertainty for thousands of years, but interestingly gold hasn't performed much better than Bitcoin lately.

At this point I hope you have enough incentive to keep your money safe in the bank. But if you're still not convinced here's an unsettling factoid. The Colorado Bankers Association recently warned that one dollar bill can contain as many as 3,000 different bacteria and has changed hands about a thousand times.

Ok, time to load up on more hand sanitizer!

***Ask Dr. Per Cap*** is a program funded by First Nations Development Institute with assistance from the FINRA Investor Education Foundation. For more information, visit [www.firstnations.org](http://www.firstnations.org). To send a question to Dr. Per Cap, email [askdrpercap@firstnations.org](mailto:askdrpercap@firstnations.org).