

# Cash Discount

[@wikipedia](#)

A phenomenon when the value of [cash](#) today is deemed by [cash](#) owners as higher than value of future [cash](#).

It happens because it is already in hand and it can be spent by owner or can be invested in readily available low-risk investment market opportunities and assure a certain profit.

While future [cash](#) may not happen at all or may be lower than returns from readily available low-risk investment.

The quantitative value of discount is driven by [Discount rate](#)  $r$  as:

$$(1) \quad \text{Discounted Cash Value} = \frac{\text{True Cash Value}}{1 + r}$$

## See also

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[Economics](#) / [Investment](#) / [Financial Investment](#)

[ [Cash and Cash Equivalent = CCE](#) ]

[ [Discount rate](#) ]