Presentation title: “How Does the Perceived Value of a Medium of Exchange Depend on its Possible Uses?”

Abstract: "The normative value of a medium of exchange is derived from the best consumption that it permits. Adding potential uses can increase the normative value of a medium of exchange but not decrease it. In a series of experiments, we find that the perceived value of a medium of exchange, as revealed through choice and willingness to pay, systematically deviates from this normative benchmark. These findings show that adding a less-preferred use reduces the perceived value of a medium of exchange and, more generally, that the perceived value of a medium of exchange depends not only on the best alternative but also on the set of alternatives."