

Why Do Unlisted Firms Hold Cash?

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This paper examines why unlisted firms hold cash using a firm-level panel dataset of 2,604 unlisted firms in Japan between fiscal years 2000 and 2022. The major findings of this paper are as follows. First, unlisted firms hold excess cash if they cannot use bank loans. Second, these firms hold cash for precautionary motives when bank loans are unavailable. Third, there is no evidence that their cash-holding behavior is affected by bank power.

JEL classification: G21; G32

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