

Why regular saving in cryptocurrencies makes sense - the cost average effect

The big advantage if you save regularly is that you buy in falling and rising rates.

What is the Cost Average Effect?

The financial industry also refers to the cost average effect as the average cost effect. You can use the effect to increase the return on your regular payments into a savings plan.

Cryptocurrencies are bought with the savings plan. You save a fixed amount per month and buy your selected cryptocurrencies. There is no minimum amount in the crypto space. So you can start with 10 US Dollar for example.

When prices on the crypto exchange fall, you get more shares in the cryptocurrency, while when prices rise, you get a smaller number.

Viewed over a longer period of time, you pay a favorable average price for the shares.

This is especially true when compared to savers who make a one-off investment. Of course you can also be very good here with a one-time investment if you get in at the lowest point in time. Regular savings can be worthwhile, especially in volatile markets and for small investors who want to get started with small contributions, just like in other areas with ETFs or shares.

For whom is the cost average effect useful?

While some experts use the average cost effect as an argument for a better return, other experts believe that a one-off investment makes more sense. For this, however, sufficient capital must be available that the investor does not need for subsistence or urgent purchases.

A savings plan with fixed investment amounts is therefore particularly suitable for small investors, which offers other advantages in addition to the cost average effect:

- **Small monthly investment amount instead of a large sum as a one-time investment**
- **Regular savings to build up wealth**
- **easy planning of the savings rate in the monthly expenses**
- **flexible investment amount that can be increased or decreased**
- **Independence from fluctuating prices on the stock exchange**
- **Simply conclude a savings plan online**

In addition, a monthly savings plan is very well suited to gaining initial experience and understanding the crypto markets.

A monthly savings plan can be combined with other products on the crypto exchange, such as staking. You can also generate passive income from this.