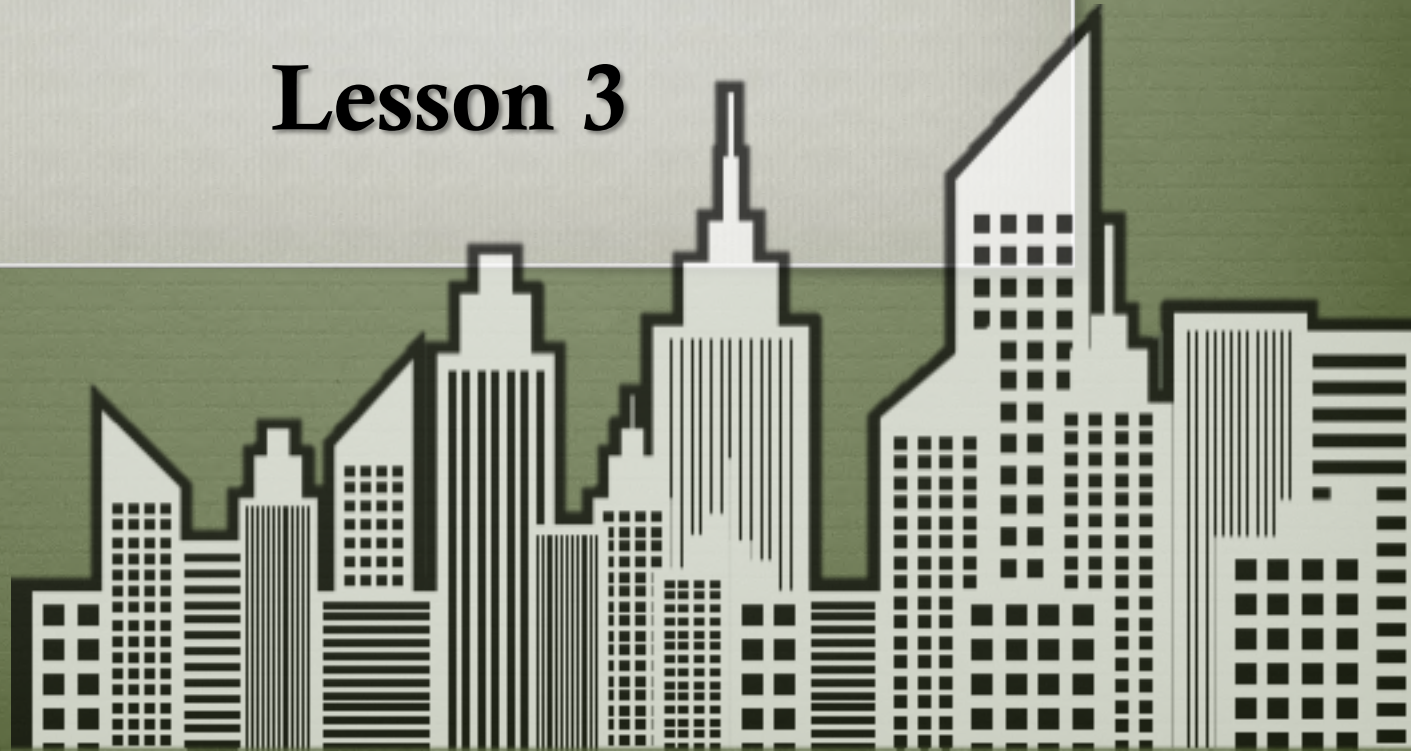


Show Me the Medium of Exchange

Lesson 3



What Does *That* Mean?

Term	Definition
economist	an expert in economics which is a social science concerned with the processes and systems by which goods and services are produced, sold, and bought.
commodity	any marketable item.
currency	money in any form when used as a medium of exchange.
medium of exchange	intermediary instrument used to facilitate the purchase or sale of goods; a function of money

What Does *That* Mean?

Term	Definition
money	the agreed medium of exchange for a society.
unit of account	unit which can be used to define and compare the value of something; a function of money.
store of value	the ability to be reliably saved, stored, and retrieved over time; a function of money.
purchasing power	the amount of goods or services that a unit of money, such as one dollar, can buy.

What Does *That* Mean?

Term	Definition
wealth	an abundance of valuable possessions or money; property; riches.
counterfeit currency	imitation currency produced without the legal sanction of the state or government.
Federal Reserve Bank	the Fed; the central bank for the U.S. which manages U.S. currency, money supply, interest rates, and monetary policy.
data breach	theft or loss of secure digital media often by hack.

Reminder

- **Remember** to visit
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ards/](http://c21student.com/flashcards/)
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Lesson 3 Objectives

- ❖ 1. Describe the advantages of money over barter.
- ❖ 2. State the functions of money.
- ❖ 3. List the characteristics of money
- ❖ 4. Analyze whether a thing used as a medium of exchange is money.
- ❖ 5. Tell about careers in cybersecurity.

The Functions of Money

❖ Medium of exchange

❖ Unit of account

❖ Store of value

The Characteristics of Money

- ❖ Durability
- ❖ Limited supply
- ❖ Divisibility
- ❖ Transportability
- ❖ Non-counterfeitable

The Big Picture

Money can be almost any *thing*. Money has three essential *functions*: it is commonly accepted as the medium of exchange; it has a standard numerical measurement; and it is a store of value. There are also *characteristics* of money. One important characteristic of money and a key concept of financial literacy is that money is issued in limited quantities to maintain stability of value. Unstable values impact the purchasing power of money. In the U.S., the Federal Reserve Bank (“Fed”) is responsible for regulating the money supply.

Ponder and Predict

- ❖ Money can be represented (“expressed”) by just about any thing. Many things have been used as money and, like civilization, money has evolved over time. **How?**