

13F Quiz Review

Money

- Money – anything accepted as a method of payment
- Three types of money are used in the US:
 - Coins
 - Federal Reserve notes (bills)
 - Bank deposits (checks, debit cards)

Bank Deposits

- Bank deposits allow people to pay for purchases without using coins or paper money.
- People have access to their deposits in their bank accounts by writing a check or using a debit card.
- Debit cards allow people to access their bank deposits electronically.
- Checks are slower than Debit Cards. For Example: if you buy something from a store and it takes a while to get the payment, then most likely you paid with a check

Value of Money

- The value of coins and bills come from the confidence people have in the U.S. government.
- This means that because the U.S. government is behind the money, it gives people confidence that the money will keep having value in exchanges for goods and services.
- Confidence makes people accept the coins and Federal Reserve Notes (bills) as payment.

Three Functions of Money

- A medium of exchange
 - A standard of value
 - A store of value
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- Buying things on credit is NOT a function of money.

- **A Medium of Exchange:**

- Sellers accept money in exchange for goods and services.

- **A Standard of Value:**

- A nation's money provides a standard way to express the value of something. In the U.S. the prices of all goods and services are shown in dollars and cents. This allows you to compare goods and services to each other.

- **A Store of Value:**

- Money makes it possible to save and make purchases in the future. You can save your money at home or in a bank and whenever you decide to buy something, that money will still have value when you decide to spend it.

Remember!

- Federal Reserve Notes are _____
- The Government issues money to make the exchange of goods and services easier and more efficient.
- The Federal Reserve issues currency when they issue Federal Reserve Notes.
- A Credit Card can also be called a “Charge Card” and is NOT a form of Money