

Burcash

# The concept of MONEY

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My Money Week , 9<sup>th</sup> of May, Cluj-Napoca



“I am not interested in money but in the things of which money is the symbol.”

[Henry Ford]

# 1. The concept of money

# The concept of money

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What is the difference between these banknotes?

# The concept of money



What is the difference between these items?



# The concept of money

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So, then: What is money?

# The concept of money

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**Money =**

any object accepted as means of exchange  
within a certain society or social context.

# The concept of money

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To create money, we need:

- + a social circumstance (i.e. the others)
- + a market
- + some objects (useful or not)
- + some needs or wishes
- + some perceived value
- + lots of trust in one another!



## 2. The functions of money

# The functions of money

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Money is an instrument with various functions:

*"Money is a matter of functions four, a medium, a measure, a standard, a store."*

# The functions of money

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The functions:

1. A medium of exchange

# The functions of money

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The functions:

1. A medium of exchange
2. A unit of account

# The functions of money

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The functions:

1. A medium of exchange
2. A unit of account
3. A standard of deferred payment

# The functions of money

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The functions:

1. A medium of exchange
2. A unit of account
- ~~3. A standard of deferred payment~~

# The functions of money

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The functions:

1. A medium of exchange
2. A unit of account
- ~~3. A standard of deferred payment~~
4. A store of value



## 3. Types of money

# Types of money



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K  
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A



# Types of money

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- Commodity money
- Representative money
- Fiat money

# Types of money

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Commodity money =

is money whose value comes from a commodity out of which it is made.

It is objects that have value in themselves as well as for use as money.

# Types of money

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Commodity money =

Gold

Silver

Copper

Cattle

Stones

Shells

Barley

Cigarettes

Candy 😊

# Types of money

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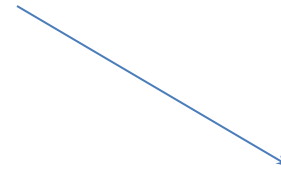
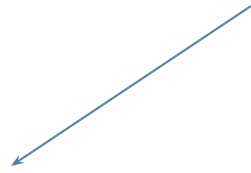
Representative money =

Objects that don't have real value in themselves, but their value come from either the commodities they stand for or from a government regulation or law.

# Types of money

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## Representative money



Commodity-backed money

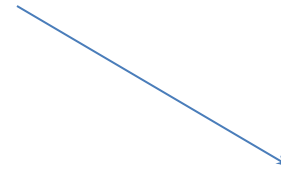
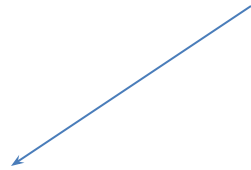
Fiat money



# Types of money

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## Representative money



Commodity-backed money

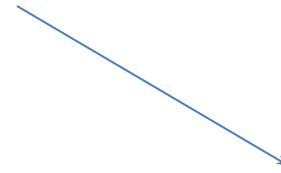
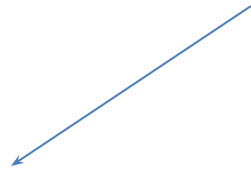
Fiat money

- Gold certificates
- Silver certificates

# Types of money

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## Representative money



### Commodity-backed money

- Gold certificates
- Silver certificates

### Fiat money

- Bills of credit
- Banknotes
- Coins
- All our money

# Types of money

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## Monetary systems and institutions:

- Banks
- Gold standard
- Bretton Woods System
- Nixon shock

## 3. A brief chronology

# Chronology of money

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100,000 years ago ->

- Barter methods
- Gift economy

# Chronology of money

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100,000 years ago ->

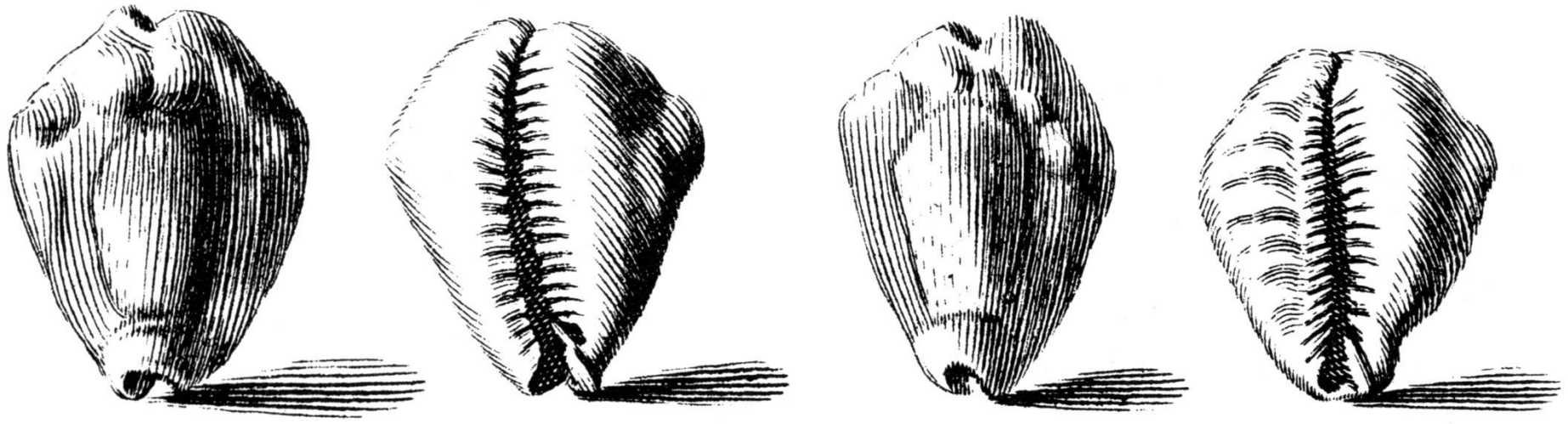
- Barter methods
- Gift economy

3000 BC ->

- Mesopotamia – the shekel
- Americas, Asia, Africa – shell money

# Chronology of money

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Shell money



# Chronology of money

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6500 BC ->

- Lydia – the silver coins
- Europe, Asia – metal coins

7<sup>th</sup> century AD ->

- China – first paper money
- Medieval Italy, Flanders – paper money

# Chronology of money

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Lydian coin:



Denaris banales:



First paper money, China

# Chronology of money

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19<sup>th</sup> century ->

- Europe – gold & silver standard, banknotes
- USA – gold standard, banknotes

20<sup>th</sup> century ->

- Bretton Woods – gold & dollar
- 1970's – Fiat dollar
- Cards, ATMs

# Chronology of money

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21<sup>th</sup> century ->

- Financial institutions
- Credit & debit cards
- Online payments

# Chronology of money

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# Thank you!

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I am:

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