

Burcash

The concept of MONEY

by Gabriel Dombri

My Money Week , 9th 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



What is the difference between these banknotes?

The concept of money



What is the difference between these items?

The concept of money

So, then: What is money?

The concept of money

Money =

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

The concept of money

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

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

The functions:

1. A medium of exchange

The functions of money

The functions:

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

The functions of money

The functions:

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

The functions of money

The functions:

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

The functions of money

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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Types of money

- Commodity money
- Representative money
- Fiat money

Types of money

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

Commodity money =

Gold

Silver

Copper

Cattle

Stones

Shells

Barley

Cigarettes

Candy 😊

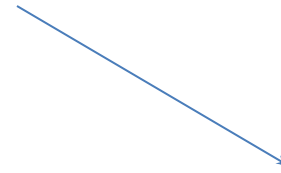
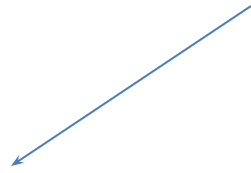
Types of money

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

Representative money

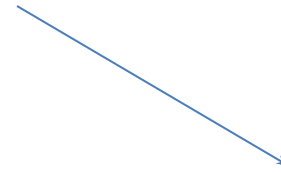
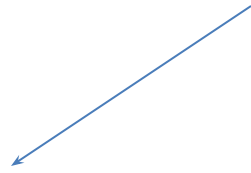


Commodity-backed money

Fiat money

Types of money

Representative money



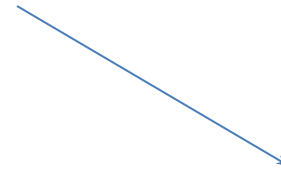
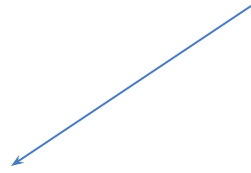
Commodity-backed money

Fiat money

- Gold certificates
- Silver certificates

Types of money

Representative money



Commodity-backed money

- Gold certificates
- Silver certificates

Fiat money

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

Types of money

Monetary systems and institutions:

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

3. A brief chronology

Chronology of money

100,000 years ago ->

- Barter methods
- Gift economy

Chronology of money

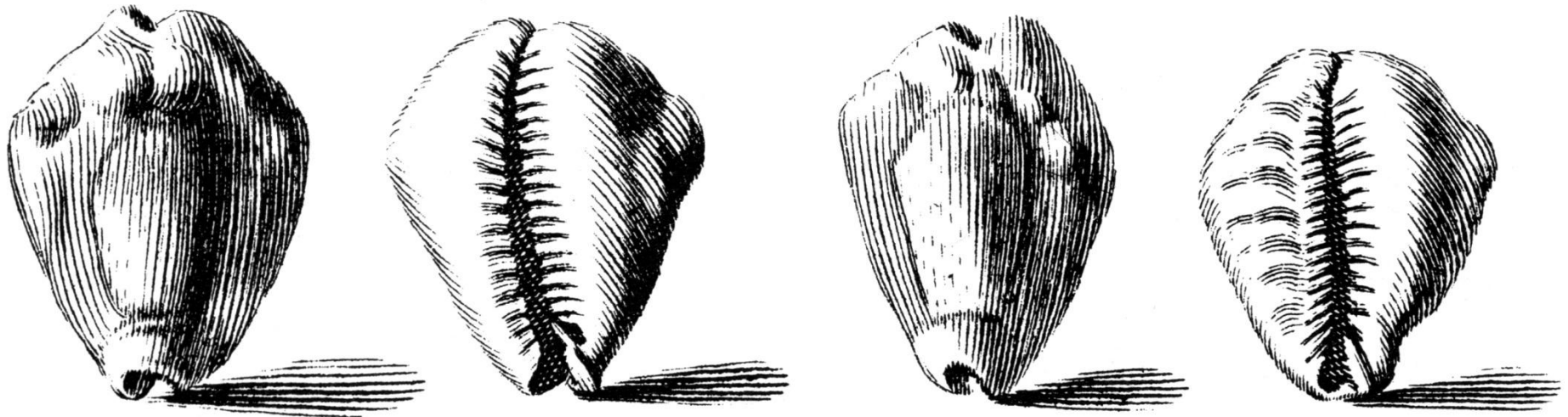
100,000 years ago ->

- Barter methods
- Gift economy

3000 BC ->

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

Chronology of money



Shell money

Chronology of money

6500 BC ->

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

7th century AD ->

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

Chronology of money

Lydian coin:



Denaris banales:



First paper money, China

Chronology of money

19th century ->

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

20th century ->

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

Chronology of money

21th century ->

- Financial institutions
- Credit & debit cards
- Online payments

Chronology of money



Thank you!

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