



WHAT IS MONEY?



VIDEO TRANSCRIPT

We all use money in our daily transactions, but do you know where its value comes from? Let us begin by examining the functions of money.

Firstly, money is an accepted medium of exchange. This means that money is anything that will be widely accepted in society in exchange for goods and services.

Secondly, money is a convenient way to store value or purchasing power for use whenever needed. However, to be able to serve this role, the value of the money must be stable over time.

In its role as a unit of account, money acts as a common unit in which items can be measured or valued against. This ensures transparency and a mutual understanding between trading parties.

Now that we understand its functions, it is important to note that money has taken many forms over time. In early civilisations money did not exist in the forms we are familiar with today, and has, for example, evolved through the years from sea shells and cattle to mobile apps and cryptocurrencies.

To effectively carry out its functions, money must be:

Durable: that is it must be able to endure the exchanging of many hands as physical money moves around a lot.

Portable: money must be able to be moved around with ease and should not be large or cumbersome.

Divisible: money must be available in varying increments and easily divisible to allow for the seamless transaction of exchange of goods and services.

Uniform: this refers to the standardisation of money so that it looks the same. This ensures it is easily recognisable and at the same time integrates security features that make it hard to replicate.

Accepted: Lastly money must be accepted by all without hesitation as payment for goods and services to ensure stability and confidence by all stakeholders.

Farewell

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