

# Money

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## Анотація

*У статті розглядаються основні типи грошей, їх функції і характеристики. Подані цікаві факти із історії створення і використання грошей.*

**Ключові слова:** засіб обігу, розрахункова одиниця, збереження вартості, відстрочений платіж, валюта.

## Abstract

*The article considers the main types of money, its functions and characteristics. Some interesting facts from the history of money and its usage are analyzed.*

**Key words:** medium of exchange, unit of account, store of value, deferred payment, currency.

Money is any item or verifiable record that is generally accepted as payment for goods and services and repayment of debts in a particular country or socio-economic context, or is easily converted to such a form[1].

Throughout history, people have used many forms of money, such as soap, cocoa beans, elephant tail hairs, entire elephants, grain, animal skins, fishhooks, feathers, tea tobacco, bird claws, and bear teeth. The Romans were the first to stamp the image of a living person on a coin. After winning in war, Julius Caesar featured his portrait on a coin in 44 B.C.

The Chinese invented paper money in the 9th century A.D. Its original name was “flying money” because it could easily blow away in the wind. However they used it just briefly. The first time paper currency was consistently used was in the 18th century by the French [2].

There are distinguished several types of money.

Perhaps, the most prevalent type of money is paper money, or banknotes. Every banknote has its own nominal value and is accepted everywhere on the territory of a certain country.

With the development of technologies plastic cards become more and more popular. They allow you to pay for things without cash. Such cards as Visa and MasterCard are even accepted abroad. This is a very convenient way of payment as money is simply transferred from one account to another by the bank.[2]

The main functions of money are distinguished as: a medium of exchange; a unit of account; a store of value; and, sometimes, a standard of deferred payment [3].

Money's most important function is as a medium of exchange to facilitate transactions. Without money, all transactions would have to be conducted by barter, which involves direct exchange of one good or service for another. The difficulty with a barter system is that in order to obtain a particular good or service from a supplier, one has to possess a good or service of equal value, which the supplier also desires. In other words, in a barter system, exchange can take place only if there is a double coincidence of wants between two transacting parties. The likelihood of a double coincidence of wants, however, is small and makes the exchange of goods and services rather difficult. Money effectively eliminates the double coincidence of wants problem by serving as a medium of exchange that is accepted in all transactions, by all parties, regardless of whether they desire each others' goods and services.

In order to be a medium of exchange, money must hold its value over time; that is, it must be a store of value. If money could not be stored for some period of time and still remain valuable in exchange, it would not solve the double coincidence of wants problem and therefore would not be adopted as a medium of exchange. As a store of value, money is not unique; many other stores of value exist, such as land, works of art, and even baseball cards and stamps. Money may not even be the best store of value because it depreciates with inflation. However, money is more liquid than most other stores of value because as a medium of exchange, it is readily accepted everywhere. Furthermore, money is an easily transported store of value that is available in a number of convenient denominations [4].

Money also functions as a unit of account, providing a common measure of the value of goods and services being exchanged. Knowing the value or price of a good, in terms of money, enables both the

supplier and the purchaser of the good to make decisions about how much of the good to supply and how much of the good to purchase [4].

Money has become one of the main things in our modern life. Some people live their lives to earn money. They work hard, trying to earn as much money as they can. Some of them become crazy about it and lose their dignity hunting money. They don't appreciate such important things as family, friendship, love and other feelings. Such people become greedy, they spend their lives in loneliness.

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