The purpose of this worksheet is to look at the functions and attributes of money. What is it that makes something a reliable form of money?

1. What are the main functions of money?

1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
3. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
4. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2. In the table below are the various attributes of money - that is the qualities money needs to fulfil its functions well. Across the top of the table are various possible types of money. For each type of money, give a score between 1 and 10 to say how well you think it meets each attribute.

* 10 = meets the attribute perfectly
* 1 = hardly meets the attribute at all

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Attribute of money** | **Gold coins** | **Playing cards** | **Sea shells** | **Tobacco** | **Leaves** | **Bank notes** |
| **Acceptability** |   |   |   |   |   |   |
| **Divisibility** |   |   |   |   |   |   |
| **Portability** |   |   |   |   |   |   |
| **Difficult to counterfeit** |   |   |   |   |   |   |
| **Durability** |   |   |   |   |   |   |
| **Uniformity** |   |   |   |   |   |   |
| **Limited in supply** |   |   |   |   |   |   |
|   |   |   |   |   |   |   |
| **Total Score** |   |   |   |   |   |   |

Now add up the totals for each type of money and list them in order below, starting with the best form of money (the one with the highest score):

1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
3. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
4. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
5. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
6. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

3. Write a short paragraph justifying why the type of money at the top of your 'money chart' is likely to fulfill the functions of money best.

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4. Rank the following types of money in order of liquidity, starting with the one that is most liquid. Rank them from the point of view of an individual.

*Gilt-edged securities, notes and coins, Treasury Bills, a bank deposit account (1 week's notice), a building society account (3 month's notice), 1 year building society bond*

1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
3. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
4. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
5. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
6. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

5. What are the advantages and disadvantages of holding your money in a liquid form?

Advantages

Disadvantages