

The Characteristics of Money

All money has three common characteristics:

1. It serves as a medium of exchange.
2. It is a unit of account.
3. It is a store of value.

Please answer the following questions:

1. Why do you think that it is means for money to be a “medium of exchange?”
Hint: What does it mean to exchange something?

2. What do you think it means for money to serve as a “unit of account?”
Hint: What is a unit?

3. Why do you think that it is important for money to serve as a “store of value?”
Hint: What does it mean to “store” something?
