

Money

How does money facilitate economic activity?
MACROECONOMICS

What Is Money?

Money is defined by **what it does**.



Money is a medium of exchange.



Money is a store of value.



Money is a unit of account.

What Characteristics Does Money Need?



Durable
Does it hold up?



Uniform
Is each unit the same?

If something is going to serve as money in society, it must have several characteristics.



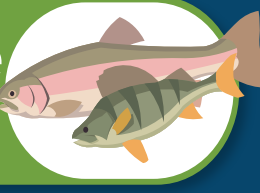
Portable
Is it easy to carry?



Scarce
Can the amount be controlled?



Divisible
Can you make change?



Acceptable
Will people accept it as payment?

How Much Money is in Circulation?

The Federal Reserve calculates **two measures** of the money supply in the **United States**.



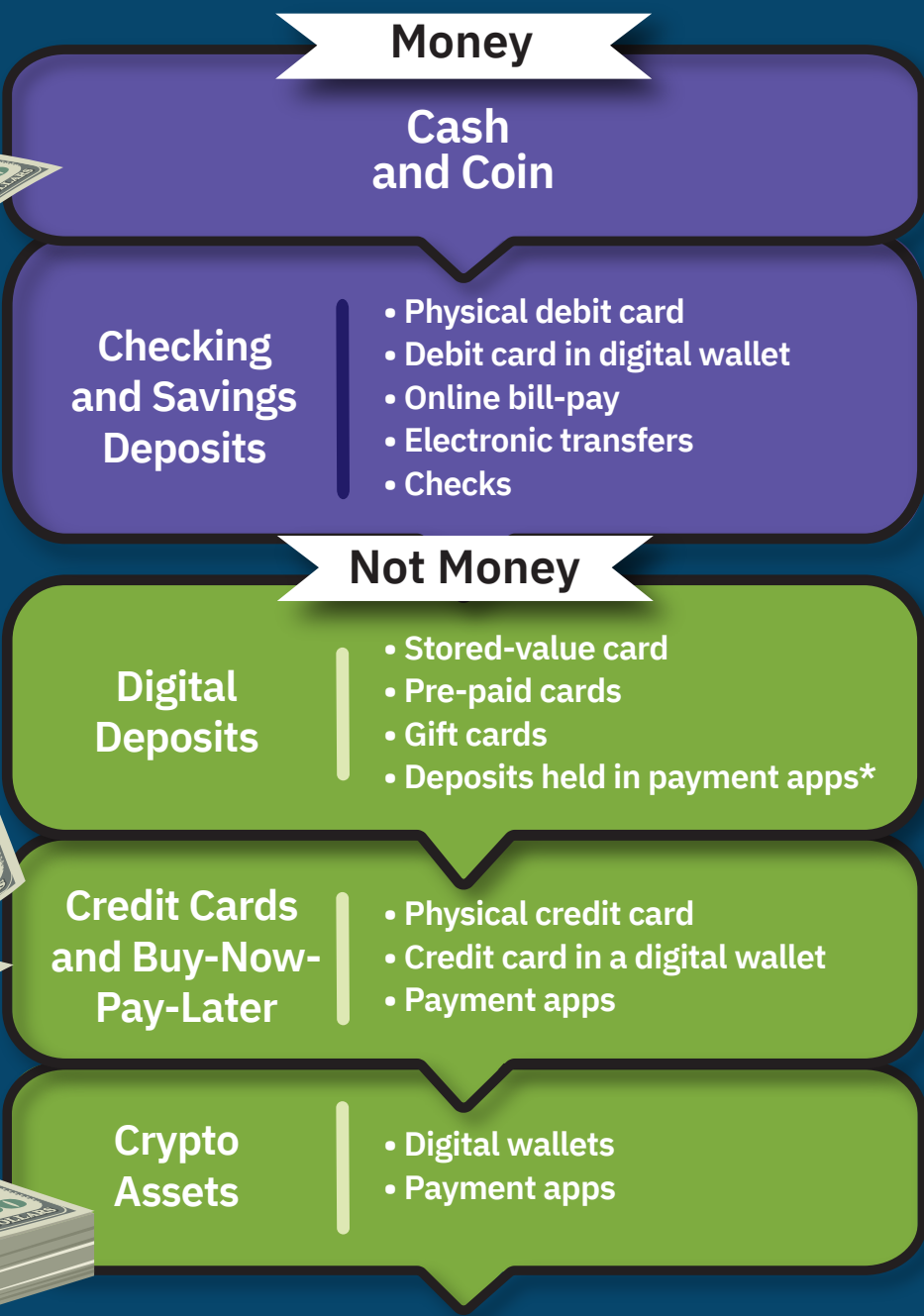
- Currency
- Money in checking accounts
- Money in savings accounts

- M1
- Certificate of Deposits
- Money Market Mutual Funds



What is the Difference Between Money and Payments?

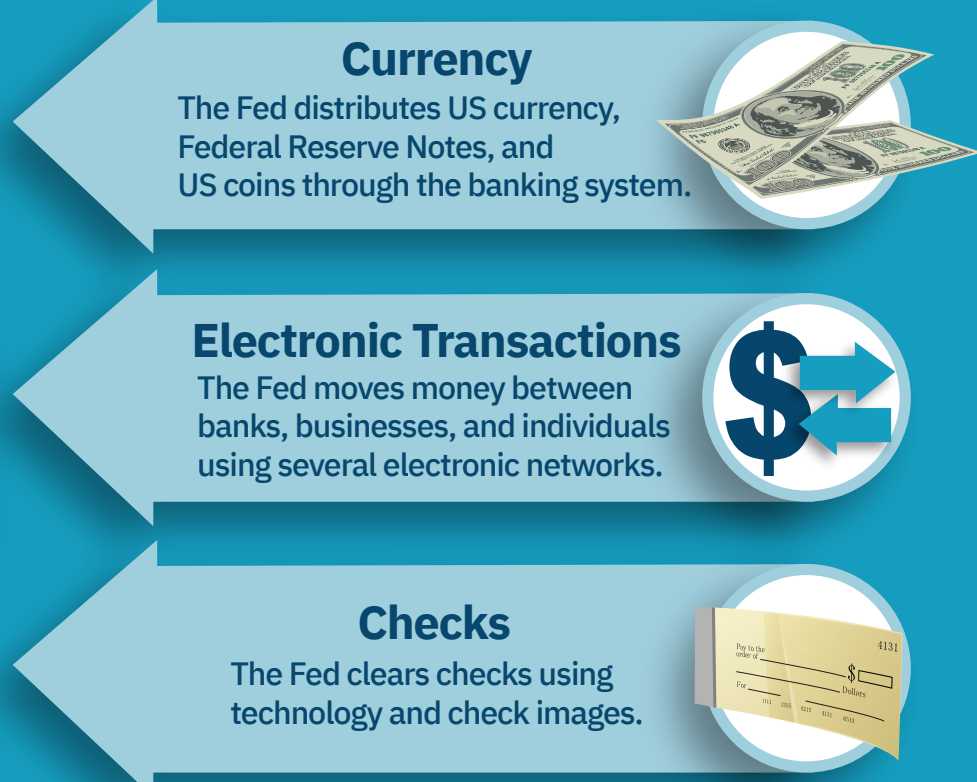
Payment methods are ways that we can use money to purchase goods and services. But not all payment methods are **money**.



*Some payment apps move funds into bank accounts that would be classified as bank deposits.

What is the Fed's Role in Payments?

The Federal Reserve has important responsibilities to make sure that the payments system is **efficient, effective, and safe**.



*Currency is produced by the Bureau of Engraving and Printing and coins are minted by the US Mint.