

***Abdelhafid Boussouf University Center – Mila***

***Institute of Economic, Commercial and Management Sciences***

***Département of Economics***

***LECTURES ON : Money***

***Addressed to 3<sup>RD</sup> year economics students – Second semester***

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## ***1. What is Money?***

Money is something that people use to buy goods and services. It comes in different forms, such as coins and banknotes, and it has value because people agree to use it as a medium of exchange.

## ***2. Functions of Money:***

### ***a. Medium of Exchange:***

Money makes it easier for people to buy and sell things. Instead of swapping goods directly (bartering), people use money to trade for what they need.

### ***b. Unit of Account:***

Money serves as a common unit for measuring the value of goods and services. Prices are expressed in terms of money, allowing people to compare the value of different items.

### ***c. Store of Value:***

Money can be stored and saved for future use. Unlike perishable goods, money retains its value over time, allowing people to save it for emergencies or to purchase items later.

## ***3. Types of Money:***

### ***a. Cash:***

Cash refers to physical forms of money, such as coins and banknotes, that you can hold in your hand and use for transactions.

### ***b. Digital Money:***

Digital money exists in electronic form and is typically stored and transferred electronically. Examples include debit cards, credit cards, mobile wallets, and cryptocurrencies like Bitcoin.

## ***4. How Money is Created:***

Money is created through various processes. Central banks, like the Federal Reserve in the United States, are responsible for issuing and regulating the supply of money in a country. They can create money by printing banknotes or by digitally adding funds to the banking system.

### ***5. Importance of Money:***

Money plays a crucial role in the economy by facilitating trade, promoting economic growth, and enabling people to meet their needs and desires. It provides a medium of exchange that simplifies transactions and allows for specialization and division of labor.

### ***6. Conclusion:***

Money is an essential part of our everyday lives, serving as a medium of exchange, a unit of account, and a store of value. Understanding its functions and types helps us appreciate its significance in the economy.

### ***Key Terms:***

Money - النقود

Medium of Exchange - وسيلة تبادل

Unit of Account - وحدة الحساب

Store of Value - مخزن للقيمة

Cash - نقد

Digital Money - النقود الرقمية

Central Bank - البنك المركزي

Currency - العملة