

Key terms from Topic 1

Acceptable	One of the key features of money – to be widely accepted.
Barter	To exchange goods and services for other goods and services without using money.
Current account	Bank or building society accounts where people can store their money in the form of electronic balances and withdraw it to make payments.
Denomination	A group of coins or notes that share the same face value.
Divisible	A key feature of money – to be easily divided into amounts of different value.
Double coincidence of wants	A situation in which two people have goods or services to trade and each wants what the other person can provide.
Durable	A key feature of money – to be strong enough to be reused in many transactions.
Face value	The value marked on a coin or note (eg 1p, 2p, 5p, £5, £10).
Fiduciary value	Value based on trust in the banking system.
Homogeneous	A key feature of money – to look and feel the same as other coins and notes of the same denomination.
Inflation	A rise in prices, which means that the purchasing power of money falls.
Intrinsic value	The value that an item has in itself, eg a bag of rice has intrinsic value because it is a staple food; a solid gold coin has intrinsic value because it is made of a precious metal; a banknote does not have intrinsic value because it is a piece of paper.
Legal tender	Coins or banknotes that must be accepted if offered in payment of a debt.
Means of exchange	A function of money – to allow people to make payments.
Money	Anything widely accepted as a means of making payments.
Payment mechanism	A means of transferring money from one account to another eg debit card, cheque.
Portable	A key feature of money – to be small and light enough to carry around easily.

CeFS key terms

Purchasing power	The quantity of goods or services that money can buy.
Rate of exchange	How much one item is worth in terms of a different item eg one bag of flour is worth four nails, one British pound is worth 1.5 euros, etc.
Recognisable	A key feature of money – to be easily identified as genuine money
Representational value	The value that an item represents rather than the value it has in itself: a banknote is just a piece of paper but it represents the value that is printed on it.
Scarce but sufficient	A key feature of money – to be available in sufficient quantities to meet people’s needs but not in such quantities that the value of money falls.
Store of value	An attribute of money that allows people to store money now and spend it later.
Transaction	Buying or selling something.
Unit of account	A function of money – to allow people to compare prices and to measure the value of money in a bank account, etc.