

Essay

One of the most interesting things I learned about finance this week is the idea of the time value of money (TVM). It means that money today is more valuable than the same amount of money in the future because it can grow if invested. This helped me understand why people save and invest, and how interest rates affect the value of money over time. The example of compound interest was especially eye-opening. I realized that even small savings can grow a lot over time if invested properly because of compounding. It also made me understand why loans and debts can grow quickly if not managed carefully.

Another important thing I learned is the role of money as a medium of exchange, a store of value, and a unit of account. The videos explained how money replaced the barter system and made trade easier. I never thought about how complex the financial system is and how banks play a big role in managing money and credit. The Kurzgesagt video about banking showed me how banks don't just store money but also create money through lending, which was surprising.

This knowledge feels very practical for my life. As a second-year student, I know that managing money well will be important in the future. For example, starting to invest early, even with small amounts, can make a big difference later. It also made me think about how important it is to avoid unnecessary debt because interest can work against you too.

By understanding TVM and the financial system, I feel more confident about handling my finances in 2025 and beyond. In a world where digital payments and online banking are becoming more common, knowing how money grows and loses value will help me make better decisions. Learning about finance has shown me that financial knowledge is not just for professionals—it's something everyone needs to understand to secure their future.

Arnav Dugad