***1*** Aside from its practical value, money is made distinctive by the culture in which it rises and evolves. Chinese money is no different, with the bank notes proudly displaying the face of Mao Zedong as the testament to China’s recent history. In this guide, beyond the value of money in its purchasing power, we consider its value as a reflection of the Chinese people.

**From Shells to Silver**

***2*** The earliest form of Chinese money was shells (hence the use of the shell character in many other

characters are related to value, money and wealth), because shell has small and exquisite appearance,

bright color, solid texture, and the feature of being easy to carry. Shell money is a kind of commodity

money lasting the longest time in the history of China.

The unit of shell money is “peng” (in Chinese means “friend”), which originally means two clusters of shells. Generally speaking, one peng is made up by two clusters of 10 shells. At the end of the Shang Dynasty1 (1600 BC—1046 BC), due to the lack of shells in Northern China, there were other forms of money which can be made of pottery, stone, bone, jade, copper and gold. Nevertheless, the most common one is made from natural shells.

***3*** Money shells were later replaced by the copper coins. Different shapes of coins were used by different states: spade-shaped coins2 and knife-shaped coins3 in the Spring and Autumn Period (771 BC—476 BC), and ring-shaped coins4 in the Warring States Period5 (475 BC to 221 BC). When Qin Shi Huang, the first Emperor of Qin, united China in 221 BC, round coins with a square hole in the middle were introduced.

The copper coin is evolved from ring-shaped coins or “huan cash” (a kind of copper coin with ring shape used in the Warring States period). The earliest copper coin is called “ban liang qian” (ban liang coins) which turned up and began to circulate in the whole country following the founding of the Qin Dynasty (221 BC—207 BC). Ban liang coins were more materially economical than any other coins circulated at that time and the square hole was easier to make. This revealed that people at that time were efficiency-conscious, which was also reflected in the spectacle of the Terracotta Army. Generally speaking, most of the copper coins are round and there is a square hole in the center of the coin, hence there is another Chinese name “fangkong cash” and a nickname “kongfang brother”.

People can distinguish different kinds of copper coins by the letters marked on the coins. These letters always refer to the region title in different dynasties, such as “Qianlong Tongbao” and “Yongzheng Tongbao” in the Qing Dynasty. People in ancient times believed that the heaven was round and the earth was square, which is one of the reasons why the copper coin had the round shape and a square hole in the center.

***4*** The earliest paper currency in the world was called Jiao Zi, which appeared in the early Northern Song Dynasty11 (960—1127). Due to the rapid development of commodity economy, the increase of trade, and the high demand for currency, merchants needed a kind of currency with convenience to carry along with themselves, hence the paper money turned up. It was first issued in 1023 together by 16 merchant princes in Chengdu, Sichuan Province. This paper currency was a piece of paper printed with houses, trees, men and cipher.

***5*** In addition, silver ingots and gold ingots were also circulated in ancient China, and the wide use of silver coins started at the end of the Ming Dynasty (1368—1644). These ingots resemble in their form the classic origami boat children enjoy folding out of paper, symbolizing prosperity.

**The Early-Modern Era**

***6*** Chinese banking started almost by accident in the 1820s when a successful dyer with a branch office in Beijing was asked by a friend if he might give him some money in Pingyao, his hometown, while the same amount could be collected from the dyer’s office in Beijing. This enabled the friend to avoid bandits. This idea caught on, and consequently, his hometown—the well-preserved walled town of Pingyao in Shanxi Province, became the financial center of all China and remained so for a while in history.

***7*** The end of the imperial era and the turbulent time that followed saw first local mints, then high inflation and financial instability. It was not until the Republic of China was founded in 1949 that a stable currency was established, using notes, and coins for denominations of 1 yuan and lower.

**Chinese Money Today**

***8*** Money forms a big part of the everyday lives of Chinese. Electronic transactions are becoming increasingly common, so expect the frustrations in supermarket queues as everywhere else in the world when someone ahead of you has a handful of items and chooses to pay with a bankcard. Checks are rarely used. Cash is still the preferred means of transaction, so notes of various denominations are changing hands all day long, even for quite large amounts.

**Traditions**

***9*** In China notes are preferred to coins, especially in rural areas, though historically, and up until only about 140 years ago, the coin with the hole in the middle was currency.

***10*** Red envelopes containing bank notes are ritually given on special occasions instead of presents: festivals (particularly Chinese New Year), marriages, births, visiting sick relatives, etc.

***11*** “Paper money” (actually yellowy low-grade perforated paper) is even burned for the dead in the belief (or tradition) that it will give them money for the afterlife, especially on Qingming Festival or Tomb Sweeping Day. Replicas of 100-yuan notes are also stuck on tombs.