

# Money

Functions : 1. Medium of exchange.

barter :  $\text{goods} \rightleftharpoons \text{goods}$ .

which requires two coincidence of want,  
so it is costly.

2. Unit of account.

3. Store of value.

Currency : the notes and coins held by individuals and businesses

money {  $M_1$  : currency and chequable deposit held by individual and businesses  
 $M_2$  :  $M_1$  + all other deposits - non-chequable and fix-term deposits

$M_1$  : money.  $M_2$  : money & liquid assets. 流动资产

Liquidity : the property of being instantly convertible into a means  
of payment with little loss of value

deposit : money

cheques : instruction to a bank to transfer money

credit cards : enables the holder to obtain a loan but must be repaid

Depository Institution : firm that takes deposits from households  
and makes loans to other households

Chartered Bank : private firm.

Credit Unions and Caisses Populaires : receives deposits & make loans.

Trust and mortgage loan companies (信託公司)