

# What Is Currency? | Worksheet



## Matching

Match the definition in Column A with the term in Column B.

### Column A

- \_\_\_\_\_ A system of money used by a society to buy and sell.
- \_\_\_\_\_ A system of money backed only by trust in the government.
- \_\_\_\_\_ A widely accepted medium of exchange.
- \_\_\_\_\_ Reduction in the value of real money from fake currency.
- \_\_\_\_\_ Direct exchange of goods and labor.

### Column B

- a. Barter
- b. Currency
- c. Dilution
- d. Fiat Money
- e. Money

## Multiple Choice

1. Which of the following is NOT a basic requirement for the beginning of a currency?
  - a. It does not spoil
  - b. It does not smell
  - c. It can be used in large or small amounts
  - d. It can be easily carried and traded
2. What is the value of currency like beads or shells based on?
  - a. What they are made from
  - b. What they can be traded for
  - c. How good they taste
  - d. How beautiful they are
3. Where is official government-designated currency created?
  - a. At a mint
  - b. At the bank
  - c. You make your own
  - d. At the Fiat dealer
4. Why do you often need to exchange one kind of money for another when traveling abroad?
  - a. Because foreign money makes a great keepsake
  - b. Because you need to buy more goods and services
  - c. Because it is illegal to travel out of the country with money
  - d. Because money is often only good in its country of origin

## Application

You're planning a trip to Rome! Calculate how many euros you'll get from exchanging the \$250 you're bringing with you. For purposes of this exercise, 1 US dollar (\$) is equal to 0.93 euros (€)

$$\boxed{\$ \underline{\hspace{2cm}}} \times \boxed{\underline{\hspace{2cm}}} = \boxed{\€ \underline{\hspace{2cm}}}$$



## What Is Currency? | Answer Key

### Matching

Match the definition in Column A with the term in Column B.

Column A

- b. A system of money used by a society to buy and sell.
- d. A system of money backed only by trust in the government.
- e. A widely accepted medium of exchange.
- c. Reduction in the value of real money from fake currency.
- a. Direct exchange of goods and labor.

Column B

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$$\$250 \times .93 = \text{€}232.50$$