

CASH COURSE WORKSHEET

What Is Currency? Quiz



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1. 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

2. 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

3. 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

4. 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

5. 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 (€)

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

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What Is Currency? Quiz

Answer Key

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

Column A

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

Column B

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

2. Which of the following is NOT a basic requirement for the beginning of a currency?

b. It does not smell

3. What is the value of currency like beads or shells based on?

b. What they can be traded for

4. Where is official government-designated currency created?

a. At a mint

5. Why do you often need to exchange one kind of money for another when traveling abroad?

d. Because money is often only good in its country of origin

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$$\text{\$ } \underline{250} \quad \times \quad \underline{.93} \quad = \quad \text{\text{€}} \underline{232.50}$$