

What is the purpose of Money?

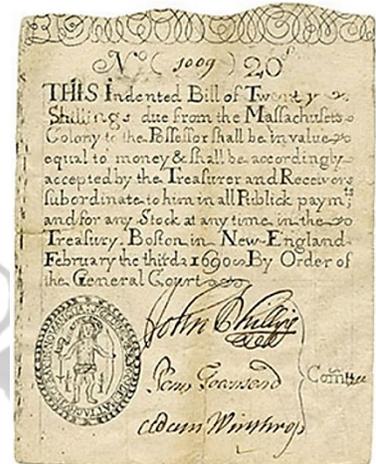
When money is used to intermediate the exchange of goods and services, it is performing a function as a medium of exchange. It thereby avoids the inefficiencies of a barter system, such as the "coincidence of wants" problem. Money's most important usage is as a method for comparing the values of dissimilar objects.

What is Currency?

Currency – [kur-uh n-see] A system of money in general use in a particular country or something that is used as a medium of exchange.

The first paper money was used by the Chinese, who started carrying folding money during the TANG DYNASTY (A.D. 618-907), most in the form of privately issued bills of credit or exchange notes. It was used for more than 500 years before the practice began to catch on in Europe in the 17th century.

This education will concentrate on paper currency, particularly U.S. paper money



America started using paper money on February 3, 1690 by the Massachusetts Bay Colony. It's believed to have been issued in order to pay for military action against Canada during King William's War.

In 1775, the Continental Congress of the United States authorized the issuance of Continental Currency. Then on April 2, 1792 the United States Congress created the United States dollar as our country's standard unit of money.

On February 25, 1862, President Lincoln signed The National Currency Act into law. The Act established the Office of the Comptroller of the Currency (OCC), charged with the responsibility for organizing and administering a system of nationally chartered banks and a uniformed national currency.

In 1869, The Bureau of Engraving and Printing began engraving and printing the faces and seals of U.S. banknotes. Before this, U.S. banknotes were produced by private banknote companies.

In 1889, legislation mandated that all banknotes and other securities containing portraits include the name of the individual below the portrait. The Federal Reserve Act of 1913 established the Federal Reserve as the nation's central bank.

In 1955, a law was passed requiring "In God We Trust" on all currency. The motto first appears on Series 1957 \$1 Silver Certificates.

High denomination bills (\$500, \$1000, \$5000, \$10000) were last printed on December 27, 1945 and officially discontinued on July 14, 1969.

In 1971, United States Notes were discontinued and Federal Reserve Notes replaced them.

In 1990, security threads and micro printing were introduced into Federal Reserve Notes to deter counterfeiting by copiers and printers.

The future of paper currency is unknown. Several countries have adopted plastic or polymer currency. Also, there is talk of a World Currency where one currency system would be used worldwide eliminating all other currencies. And I'm sure a day will come when currency of all types will be gone and a microchip will be its replacement.