



The Functions of Money

Money is an essential part of the economy, serving several important functions. These include:

1. **Medium of Exchange**

Money facilitates transactions by serving as a medium of exchange. Instead of bartering goods or services, individuals can exchange money for goods and services.

2. **Unit of Account**

Money provides a standard measure of value. It allows individuals and businesses to compare the worth of different goods and services, making transactions easier.

3. **Store of Value**

Money maintains its value over time and can be saved and used in the future. It allows individuals to store wealth in a way that is less prone to depreciation compared to goods.

4. **Standard of Deferred Payment**

Money allows individuals to make future payments for goods and services. This means that debts can be paid over time, enabling greater flexibility in financial transactions.