

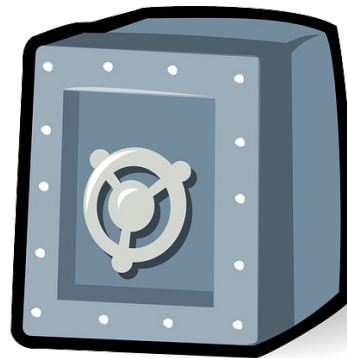
Modern Money

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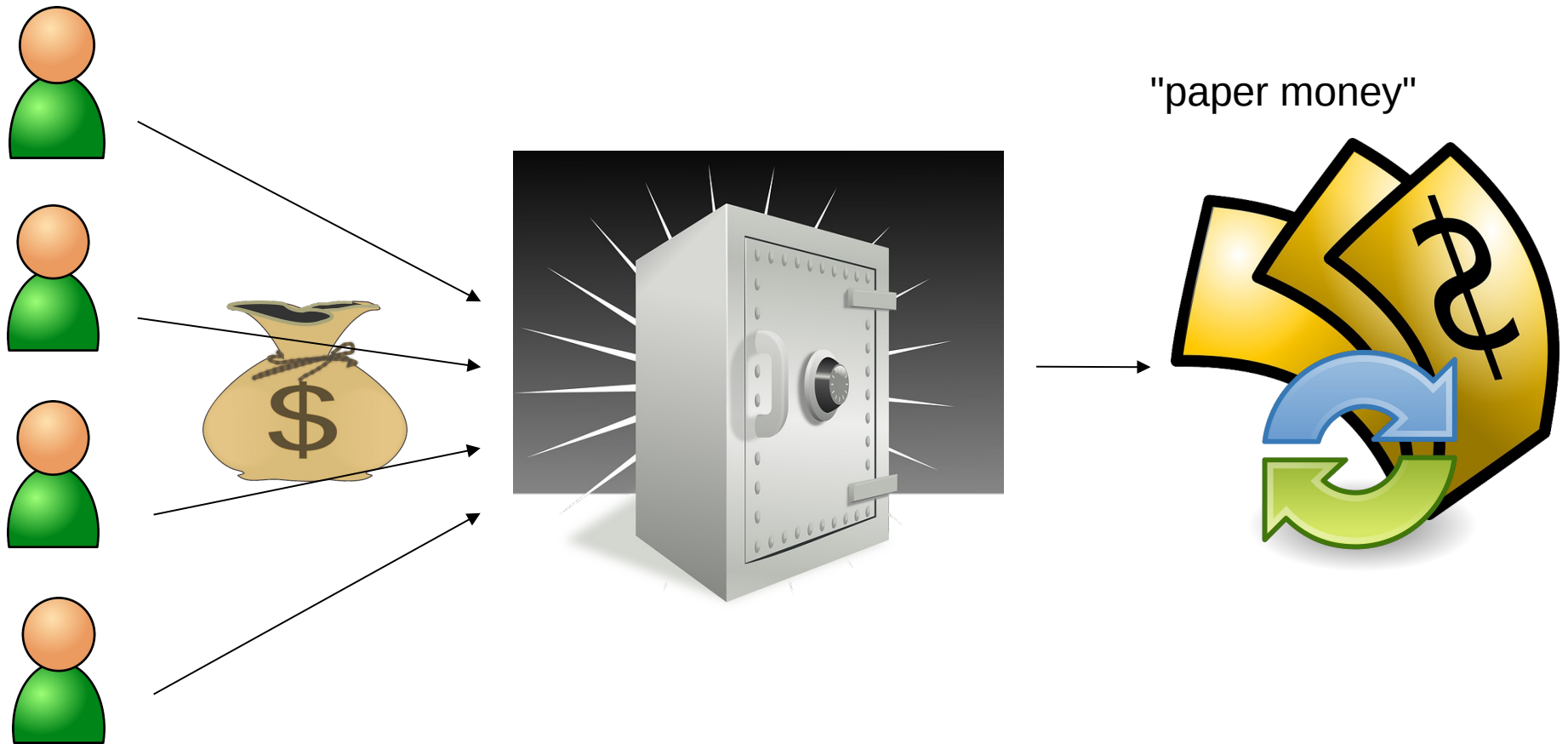
Learning objectives

- Summarize nature of modern fiat money
- Describe the rise of banks as financial intermediaries
- Explain the efficiency gains from bank services

Representative money



Rise of intermediaries



Paper money

Banknote from Sweden, issued in 1666

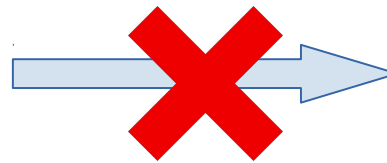


U.S. paper money



Quiz 1

Since paper money isn't redeemable directly from the issuer for anything, why do you still accept paper dollars in exchange for valuable goods and services?

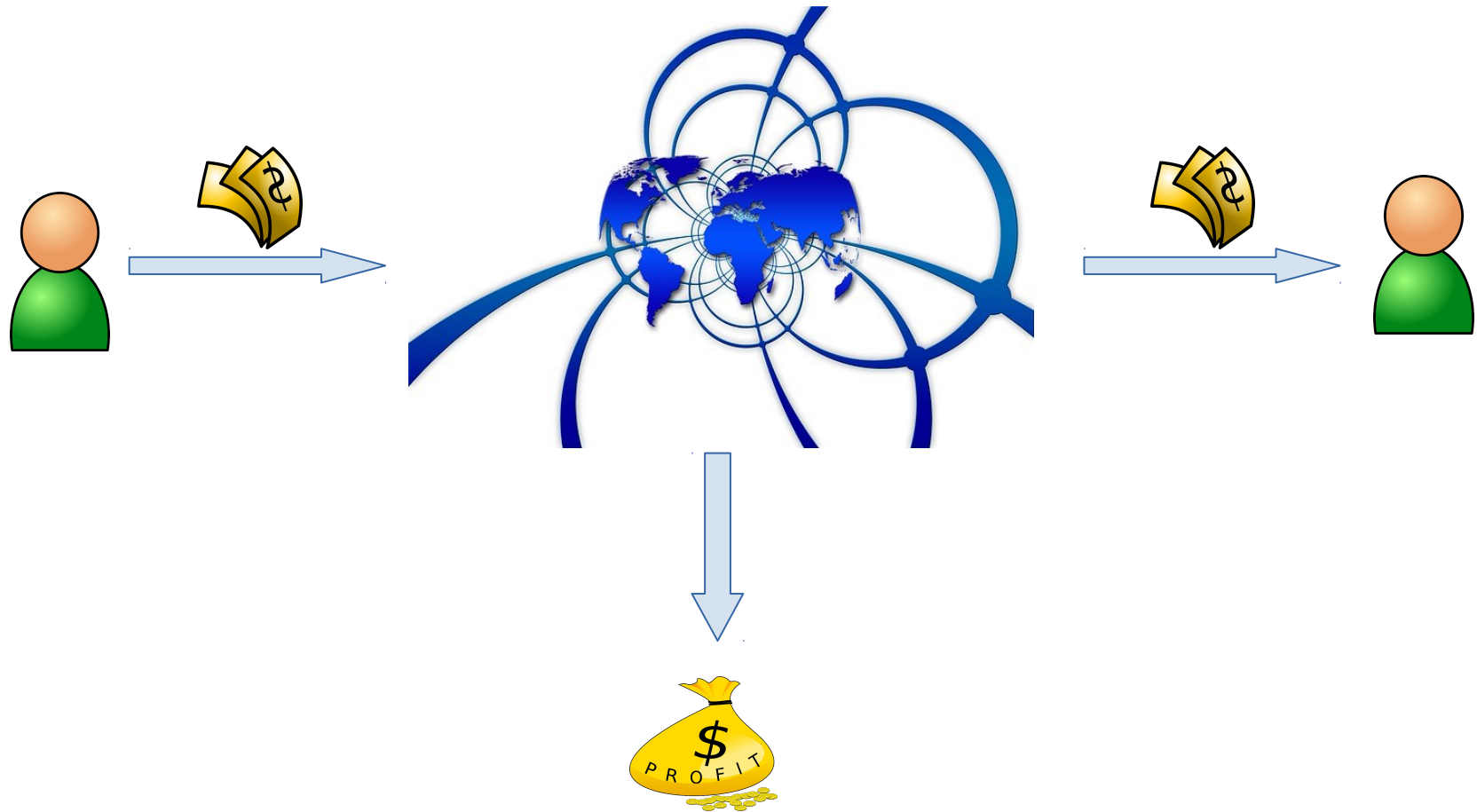


Fiat money



Banks

Financial intermediaries



Additional reading

The Ascent of Money: A Financial History of the
World

by Niall Ferguson

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