



Evolution of Money

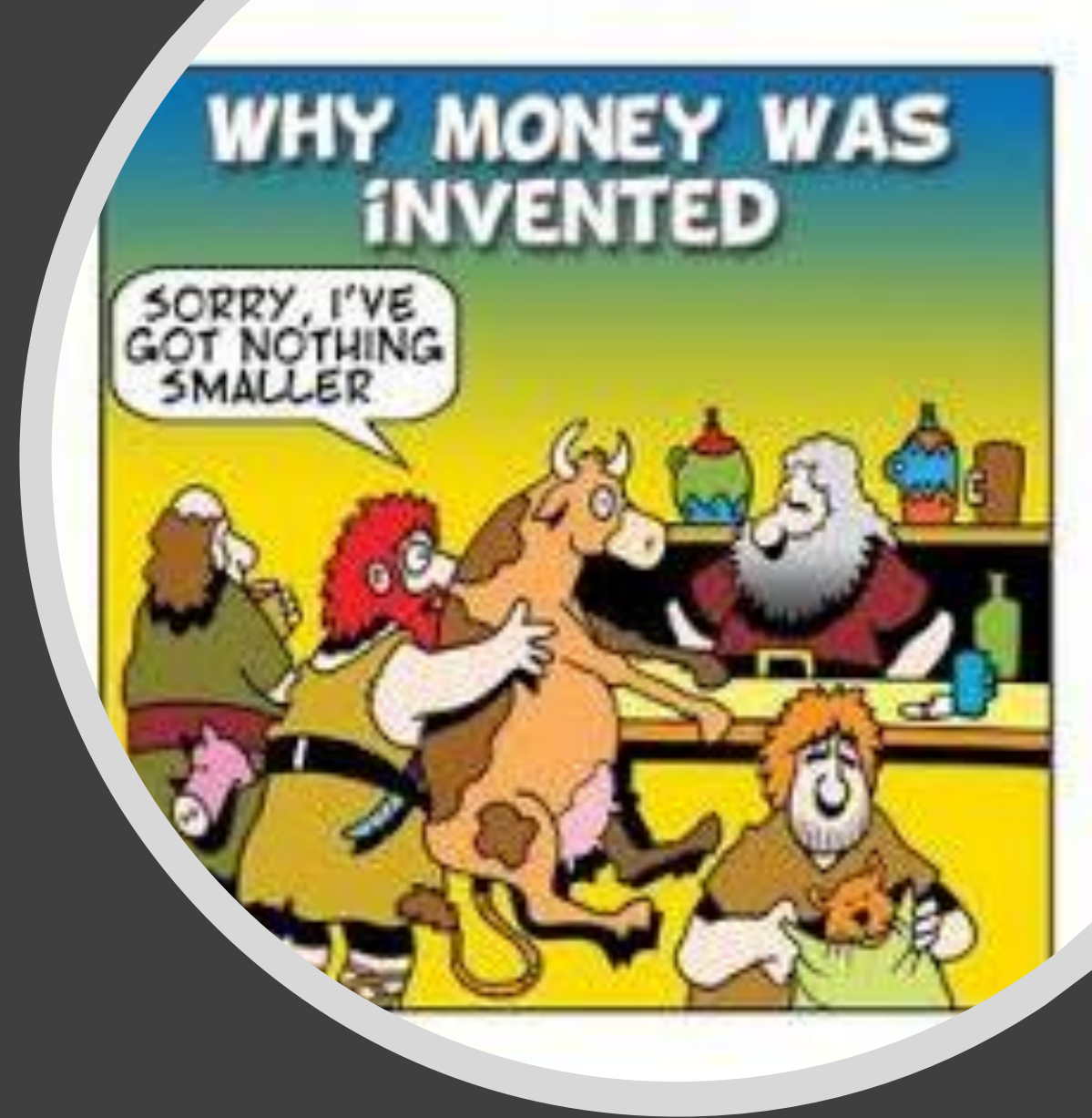
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Vision Group of Institutions



Barter System & Exchange Rates

- Lack of double coincidence of wants
- Lack of common measure of value
- Lack of standard of deferred payment
- Difficulty in storing wealth (or generalised purchasing power)
- Accumulating ratio with addition of commodities
- How do you check Profit & Loss statement?



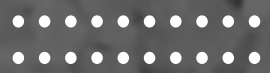
Society & need for Commercial Activities



Toaster Experiment



Pooling of Risk – need for Bank
& Insurance



Different commodities as Currency

- Sugar
- Salt – Early Roman Soldiers were paid in Salt, hence the word 'salarium' from which 'salary' was derived
- Cowry Shells
- Cattles & Slaves
- Cigarettes





Metals walk in

Metals are better suited to be
currency

Gold is Useful because it is Useless!


- Fragile, durable & malleable
- Supply is same
- Chemically inert
- No industry use



[Gold] gets dug out of the ground in Africa, or someplace. Then we melt it down, dig another hole, bury it again and pay people to stand around guarding it. It has no utility. Anyone watching from Mars would be scratching their head.

— Warren Buffett —

AZ QUOTES



Kingdoms start issuing currency



Kingdom of Lydia- near modern day
Turkey- 700 BCE



Candaules- Queen – Gyges- Hobson's
Choice



Gyges- Only Kingdom could mint
money



Grandson Croesus- Electrum to
bimetallic coins of Gold & Silver-
plundering whose city?

Long live our
Currency



Athenian Drachma



Rome – Goddess Juno- Moneta-
monere (to warn)- Money!

Human
Greed finds a
new tool-
Currency

- Clipping & Sweating
- Debasement
- Face value of currency
- Nero – Trajan- Marchus- Romans declined & last king Romulus Augustulus in 467 AD, just 2% silver was left in coin!
- Indians stopped accepting Roman denarius in 215 AD
- King Henry VIII (father of Queen Elizabeth I) holds the record. In 9 years (1542 to 1551) pound lost 83% of its silver content!

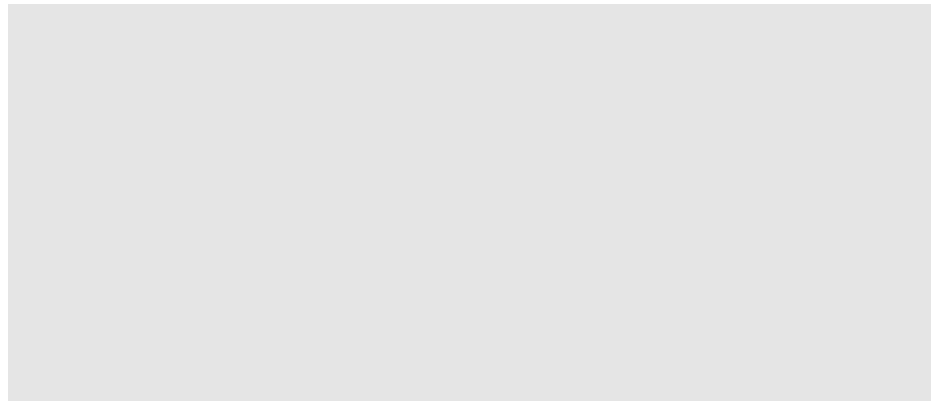


In economics, Gresham's law is a monetary principle stating that "bad money drives out good money".

Gresham's law



Enters the
Paper Money





Merchant of Venice
start Bank!

The Bank of Venice was the first national bank to have been established within the boundaries of Europe. The first bank was established in Venice with guarantee from the State in 1157.



Leonardo da Vinci



His areas of interest included areas of interest included science and invention, drawing, painting, sculpture, architecture, music, mathematics, engineering, literature, anatomy, geology, astronomy, botany, paleontology, and cartography.

Designs mechanical minting process after painting the costliest picture in history!



Christopher Columbus brings joy for Spain and tears for the 'new world'!



Sir Francis Drake, the most famous pirate!