

Currencies

What Is Currency?

Currency is a medium of exchange for goods and services. In short, it's money, in the form of paper or coins, usually issued by a government and generally accepted at its face value as a method of payment.

Currency is the primary medium of exchange in the modern world, having long ago replaced bartering as a means of trading goods and services.

In the 21st century, a new form of currency has entered the vocabulary, the virtual currency. Virtual currencies such as bitcoins have no physical existence or government backing and are traded and stored in electronic form.



Understanding Currency

Currency in some form has been in use for at least 3,000 years. Money, usually in the form of coins, proved to be crucial to facilitating trade across continents.

KEY TAKEAWAYS

- Currency is a generally accepted form of payment, usually issued by a government and circulated within its jurisdiction.
- The value of any currency fluctuates constantly in relation to other currencies. The currency exchange market exists as a means of profiting from those fluctuations.
- Many countries accept the U.S. dollar for payment, while others peg their currency value directly to the U.S. dollar.

A key characteristic of modern money is that it is uniformly worthless in itself. That is, bills are pieces of paper rather than coins made of gold, silver, or bronze. The concept of using paper as a currency may have been developed in China as early as 1000 BC, but the acceptance of a piece of paper in return for something of real value took a long time to catch on. Modern currencies are issued on paper in various denominations, with fractional issues in the form of coins.

About National Currencies

According to WorldAtlas.com, 180 national currencies recognized by the United Nations are currently in circulation. Another 66 countries either use the U.S. dollar or peg their currencies directly to the dollar.

Most countries issue their own currencies. For example, Switzerland's official currency is the Swiss franc, and Japan's is the yen. An exception is the euro, which has been adopted by most countries that are members of the European Union.

Some countries accept the U.S. dollar as legal tender in addition to their own currencies. Costa Rica, El Salvador, and Ecuador all accept U.S. dollars. For some time after the founding of the U.S. Mint in 1792, Americans continued to use Spanish coins because they were heavier and presumably felt more valuable.

There are also branded currencies, like airline and credit card points and Disney Dollars. These are issued by companies and are used only to pay for the products and services to which they are tied.

Currency Trading

The exchange rate is the current value of any currency in exchange for another currency. This rate fluctuates constantly in response to economic and political events.

Those fluctuations create the market for currency trading. The foreign exchange market where these trades are conducted is one of the world's largest markets in sheer volume. All trades are in large volumes, with a

standard minimum lot of \$100,00. Most currency traders are professionals investing for themselves or for institutional clients including banks and large corporations.

The foreign exchange market has no physical address. Trading is entirely electronic and goes on 24 hours a day to accommodate traders in every time zone.

Currency Exchange

For the rest of us, currency trading is mostly done at an airport kiosk or a bank while traveling.

Consumer advocates say that travelers get the best value by exchanging cash at a bank or at an in-network ATM. Other options may have higher fees and poor exchange rates.

Choose the appropriate answer from the given options:

1. The national currency of India is _____.

- a. Rupiah
- b. Yuan
- c. Rupee
- d. None of the Above

2. The national currency of the United States of America (USA) is _____.

- a. Euro
- b. Dollar
- c. Rand

d. Yen

3. _____ is the national currency of Russia.

- a. Leki
- b. Ruble
- c. Peso
- d. Euro

4. What is the national currency of the United Kingdom?

- a. Taka
- b. Paise
- c. Yen
- d. Pound Sterling

5. The national currency of Australia is _____.

- a. Rupiah
- b. Yen
- c. Dollar
- d. Yuan

6. What is the national currency of South Africa?

- a. Rand
- b. Pound
- c. Franc
- d. Dinar

7. _____ is the national currency of New Zealand.

- a. Kwanzaa
- b. Dinar
- c. Pound
- d. Dollar

8. _____ is the national currency of Afghanistan.

- a. Afghani

- b. Ruble
- c. Yen
- d. Dollar

9. The national currency of Bangladesh is _____.

- a. Lek
- b. Slotty
- c. Taka
- d. None of the Above

10. What is the national currency of Nepal?

- a. Rupee
- b. Taka
- c. Paise
- d. Pound

11. What is the national currency of China?

- a. Peso
- b. Yuan
- c. Dollar
- d. Yen

12. The national currency of Pakistan is _____.

- a. Ruble
- b. Rupee
- c. Zloty
- d. Leu

13. What is the national currency of Saudi Arabia?

- a. Riyal
- b. Shekel
- c. Riyal
- d. Rupiah

14. _____ is the national currency of Bhutan.

- a. Rupee
- b. Dinar
- c. Dirham
- d. Ngultrum

15. The national currency of Brazil is _____.

- a. Real
- b. Franc
- c. Pound
- d. Yen

16. What is the national currency of Cambodia?

- a. Peso
- b. Rupee
- c. Riel
- d. Taka

17. _____ is the national currency of Indonesia.

- a. Paise
- b. Peso
- c. Rupiah
- d. Somoni

18. The national currency of Japan is _____.

- a. Yen
- b. Baht
- c. Manat
- d. Wohn

19. The national currency of Malaysia is _____.

- a. Lira
- b. Dollar
- c. Kwacha

d. Ringgit

20. _____ is the national currency of Maldives.

- a. Regel
- b. Rufiyaa
- c. Som
- d. Manat

21. _____ is the national currency of Myanmar.

- a. Kyat
- b. Baht
- c. Pound
- d. Lira

22. What is the national currency of Poland?

- a. Yen
- b. Zloty
- c. Dollar
- d. Peso

23. The national currency of Hungary is _____.

- a. Dollar
- b. Rupiah
- c. Baht
- d. Forint

24. What is the national currency of Iceland?

- a. Dinar
- b. Franc
- c. Krona
- d. Yuan

25. The national currency of Belgium is _____.

- a. Rand

- b. Somoni
- c. Pound
- d. Euro

26. _____ is the national currency of France.

- a. Franc
- b. Riyal
- c. Dollar
- d. Won

27. What is the national currency of Germany?

- a. Naira
- b. Euro
- c. Rupee
- d. Pound

28. _____ is the national currency of Israel.

- a. Euro
- b. Yen
- c. New Shekel
- d. Kip

29. The national currency of Sri Lanka is _____.

- a. Rupee
- b. Euro
- c. Kyat
- d. Ringgit

30. What is the national currency of South Korea?

- a. Rial
- b. Pound
- c. Krona
- d. Won

ANSWERS;

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|----------------------|--------------|-----------|
| 1) RUPEE | 2) DOLLAR | 3) RUBLE |
| 4) POUND
STERLING | 5) DOLLAR | 6) RAND |
| 7)DOLLAR | 8) AFGHANI | 9) TAKA |
| 10) RUPEE | 11) YUAN | 12) RUPEE |
| 13) RIYAL | 14) NGULTRUM | 15) REAL |
| 16) RIEL | 17) RUPIAH | 18) YEN |
| 19) RINGGIT | 20) RUFFIYA | 21)KYAT |
| 22) ZLOTY | 23) FORINT | 24) KRONA |
| 25) EURO | 26) FRANC | 27) EURO |
| 28)NEW SHEKEL | 29) RUPEE | 30) WON |