

Medium of exchange



Medium of exchange is what a buyer uses to purchase either a good or service from a seller, in most cases this is going to be money. Money is an accepted medium of exchange because we know that we will be able to obtain goods and services if we have the money to purchase them. Unit of account is used to measure and record economic value. This means that we use this when the amounts will be measured in dollars and not the quantity of goods.

The store of value is when someone will keep the money that they have received for a good or service and spend it in the future on a good or service for themselves. One example of using money as a unit of account is my student loans. Right now there are no payments on the loans but in the future they payments will be measured in amounts of money.

I do run my own business making jewelry when accepting payment for my jewelry I will use store of value which means that I will keep the money that I make selling my jewelry for future purchases that I may make. I may decide to purchase more supplies or even putting the money in my savings account to build up. When using money as a medium of exchange the one example that comes to mind is shopping at the grocery store. This is a place where money is the only medium of exchange and the money is always accepted for the groceries that one buys.