



ORIGINAL RESEARCH PAPER

Management

EVOLUTION OF CURRENCIES

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ABSTRACT

Money is considered as one of the major factors of production. Money plays an important role in every parts of life. All transactions of business were based on money. Money has been part of human history for at least 3000 years. One of the great achievement and evidence of civilization is money. It was increasing at the speed of business could be done. During prehistoric period money has been used for trading goods and later on for banking transaction. Change has happened in the form of money from mental, skins, weapons to paper. The form of money has been currently changed to digital money. This digital money has been used in different forms as Bitcoins, narrow money, Broad money and cryptocurrency. This currency has been used in different forms in different countries. This paper attempts to explain various types of currencies and its evolution.

Money – Introduction

Money can be a shell, a metal coin, or piece of paper with a historic image on it. Money derives its value by being a medium of exchange, a unit of measurement and a storehouse for wealth. Money allows people to trade goods and services indirectly, understand the price of goods (prices written in dollar and cents correspond with an amount in your wallet) and gives us a way to save for larger purchases in the future.

History of money

Money has been part of human history for at least 3000 years. Before that time it is assumed that a system of bartering was carried out and bartering is a direct trade of goods and services.

One of the great achievement is money .It was increasing at the speed of business could be done. Prehistoric currency was used for trading goods like animal skins, salt and weapons which was developed over the centuries. Those traded goods served as the medium of exchange even though the unit values were still negotiable. This system of barter and trade spread across the world and it is still survives today and in some parts of the globe. Sometime around 1100 BC Chinese moved from using actual tools and weapons as a medium of exchange in using miniature replicas of the same tools cast in bronze. The tiny daggers, spades and hoes were abandoned for the less prickly shape of a circle which became some of the first coins. Although china was the first country to use recognizable coins, the first minted coins were created not too far away in Lydia (western turkey now)

In 600 BC Lydia’s king Alyatles created the first official currency. The coins were made from electrum, a mixture of silver and gold that occurs naturally, and stamped with pictures that acted as denomination. Lydia’s currency helped the country to increase both its internal and external trade, making it as the one of the richest empires in Asia.

When Lydia was taking the lead in currency development in 600 BC, the Chinese moved from coins to paper money. By the time Marco polo visited 120 AD the emperor had a good handle on both money supply and various denominations. Europeans were still using coins all the way up to 1600 helped along by acquisitions of precious metals from colonies to keep minting more and more cash. Eventually the banks started using notes which could be taken to the bank at any time and exchanged for their face values in silver or gold coins. This paper money could be used to buy goods and operated much like currency today, but it was issued by banks and private institutions not the government.

The first paper currency issued by European government was actually issued by colonial governments in North America. A shift to paper money in Europe increased the amount of international trade that occurs. Banks are the ruling classes started buying

currencies from other nations and created the first currency market. The competition between countries often led to currency wars, where competing countries would try to affect the value of the competitor’s currency by driving it up and making the enemy’s goods too expensive , by driving it down and reducing the enemy’s buying power or by eliminating the currency completely.

**Types of currency
Bitcoin**

Invented in 2009 by the pseudonymous Satoshi Nakamoto, became the gold standard--so to speak--for virtual currencies. Virtual currencies have no physical coinage. The appeal of virtual currency is that offers the promise of lower transaction fees than traditional online payment mechanisms and is operated by a decentralized authority, unlike government issued currencies.

The estimation of all bitcoins is generally equivalent to \$5 billion today. The market capitalization of this digital money achieved a pinnacle of \$14 billion of 2013.

Coins and bank notes

A currency (from Middle English: curraunt, "in circulation", from Latin: currens, -entis) in the most specific use of the word refers to money in any form, when in actual use or circulation as a medium of exchange, especially circulating banknotes and coins.

A more general definition is that a currency is a system of money (monetary units) in common use, especially in a nation. Under this definition, US dollars, British pounds, Australian dollars, and European Euros are examples of currency. These various currencies are recognized as stores of value and are traded between nations in foreign exchange markets, which determine the relative values of the different currencies. Currencies in this sense are defined by governments, and each type has limited boundaries of acceptance.

Due the technological development of computers and internet have given importance to the usage of digital currencies.

The total value of all of the world’s coins and banknotes is roughly \$5 trillion

Narrow Money

Narrow money is a category of money supply that includes all physical money like coins and currency along with demand deposits and other liquid assets held by the central bank. Narrow money; normally include coins and notes in circulation and other money equivalents that are easily convertible into cash. Narrow money is a colloquial term for the total of a country’s physical currency plus demand deposits and other liquid assets held by the central bank. The term broad money is used to describe M0 or M1, depending on the local practice.

In United States, narrow money is classified into M0 and M1 where as M1 is M0 plus demand accounts and UK it is M0.

According to the CIA Fact book, the total value of the world's easily accessible money is \$28.6 trillion. This includes the world's coins, banknotes and checking deposits.

Broad money

In economics, broad money is a measure of the money supply that includes more than just physical money such as currency and coins. It generally includes demand deposits at commercial banks, and any monies held in easily accessible accounts. Components of broad money are still very liquid, and non-cash components can usually be converted into cash very easily. The term broad money is used to describe M2, M3 or M4, depending on the local practice.

In United States, broad money is classified as, M2, M3 and M4 where as M2 includes M1 plus short-term time deposits in banks and 24-hour money market funds. M3 includes M2 plus longer-term time deposits and money market funds with more than 24-hour maturity. The exact definitions of the three measures depend on the country. M4 includes M3 plus other deposits.

One measure of broad money is M3, which includes currency and coins, and deposits in checking accounts, savings accounts and small time deposits, overnight repos at commercial banks, and non-institutional money market accounts. This is the main measure of the money supply, and is the economic indicator usually used to assess the amount of liquidity in the economy, as it is relatively easy to track broad money.

According to the CIA Fact book the total value of the world's money is \$80.9 trillion. This includes coins, banknotes, as well as saving checking and time deposits.

Commercial Real Estate

Commercial real estate is property that is used solely for business purposes and that are leased out to provide a workspace rather than a living space. Ranging from a single gas station to a huge shopping center, commercial real estate includes retailers of all kinds, office space, hotels, strip malls, restaurants and convenience stores.

Institutional investors with one third of them public real estate companies own about \$7.6 trillion of commercial real estate world wide; this is a still a fraction of the total of all real estate.

Gold

Gold is considered to be rare and/or have a high economic value. The higher relative values of gold are driven by various factors including their rarity, uses in industrial processes and as investment vehicles.

The world's total above ground gold reserves are estimated at 183600 tones by the world gold council. Using a \$1200 spot price, the world's gold is \$7.8 trillion.

Stock markets

The stock market refers to collection of markets and exchanges where issuing and trading of equities, bond and other sort of securities takes place, either through formal exchange or over the counter market.

The market capitalization of all the world's stock markets is equal to \$70 trillion.

Derivatives

A derivative is a security with a price that is dependent upon or derived from one or more underlying assets. The derivative itself is a contract between two or more parties based upon the asset or assets. Its value is determined by fluctuations in the underlying asset. The most common underlying assets include stocks, bonds, commodities, currencies, interest rates and market indexes.

The low-end estimate of the size and scope of global derivative

markets is \$630 trillion on a notional contract basis. All global debt – The total amount of global debt is \$199 trillion.

Future of world's currency

Bitcoin offers the guarantee of lower exchange expenses than customary online installment instruments and is worked by a decentralized specialist, not at all like officially sanctioned monetary forms.

Bitcoin is a kind of cryptographic money: Balances are continued utilizing open and private "keys," which are long series of numbers and letters connected through the matical encryption calculation that was utilized to make them.

Bitcoin was enlisted on Aug 18, 2008 cryptograph and digital money is enrolled by October 31, 2008, the primary bitcoin square is mined. The mysterious idea of digital currency exchanges makes them appropriate for a large group of odious exercises, for example, money laundering and tax avoidance.

Bitcoin is computerized money made in 2009. The thoughts of bitcoin set out in a white paper by the strange Satoshi Nakamoto, whose genuine character presently can't seem to be confirmed. Bitcoin offers the guarantee of lower exchange charges than conventional online installment systems and is worked by a decentralized specialist, dissimilar to officially sanctioned monetary forms.

By January 3rd 2009 the first re edition of the bitcoin piece is mined. This is otherwise called beginning piece. January 8 2009 the main rendition of the bitcoin programming is declared on the cryptography checking list. Bitcoins can be acknowledged as methods for installment for items sold or benefits given. In spite of the fact that ,bitcoin was not outlined as most expected value; some of the financial specialists were attracted to the computerized money . The esteem was acknowledged quickly in may 2011 and again in November 2013.

Bitcoin's Performances Over years

The Top Performing Currency for a Second Year in a Row Bitcoin is no more peculiar to extraordinary variances. Digital money has either been the best or the most exceedingly terrible performing cash – with nothing to be found in the middle. Fortunately, for those that take after the computerized money intently, those vacillations were generally pointed in an upwards bearing for 2016. The money completed the year at \$968.23, which is more than two fold its incentive from the earliest beginning of the point of the year.



Opening days of 2017, the cryptocurrency has already gained a head start on other global currencies. It passed the vital \$1,000 mark in the first days of New Year trading, and could be poised to three-peat for the title of best-performing currency of the year. Bitcoin prices would likely need to rise at least 30% on the year, closing in on the \$1,300 mark.



Cryptocurrency

A cryptocurrency is a computerized or virtual currency that utilizes cryptography for security. A cryptocurrency is hard to fake on account of this security include.

The main cryptocurrency to catch general society creative energy was Bitcoin, which was propelled in 2009 by an individual or gathering known under the alias Nakamoto. As of September 2015, there were more than 14.6 million bitcoins available for use with an aggregate market estimation of \$3.4 billion. Bitcoin's prosperity has brought forth various contending digital forms of money, for example, Lite coin, Name coin and PP Coin.

Litecoin

Propelled in the year 2011, Litecoin is an option cryptocurrency in view of the model of Bitcoin. Charlie Lee, a MIT graduate and previous Google design, is Litecoin's maker. Litecoin depends on an open source worldwide installment organize that is not controlled by any local expert.

Litecoin were propelled with the point of being the "silver" to Bitcoin's "gold," and have increased much fame since the season of initiation. Coin restrict was 84 million where as bitcoin was 21 million. Square era time is 10 minutes and in bitcoin it is 2.5 minutes in litecoin. The hazard in the advanced monetary standards, that it can be spent twice. Advanced data can be duplicated moderately effectively. Bitcoin requires that all exchange no matter what can be incorporated into a common open exchange log known as a square chain. This instrument guarantees that the gathering and spending the bitcoin truly claims them and likewise counteracts twofold including and other extortion.

Programmers have attempted to get around the Bitcoin confirmation framework by utilizing strategies, for example, out-registering the piece chain security system, or utilizing a twofold spending method that includes sending a false exchange log to a vender and another to whatever is left of the Bitcoin organized. These plays have met with just constrained achievement. Truth be told, most Bitcoin robberies so far have not included twofold including, yet rather have been because of clients putting away bitcoins without satisfactory security measures. Bitcoins have security chance, protection chance, administrative hazard, misrepresentation chance, assess chance, showcase chance are chance confronted by this currency.

Coinjoin

Anonymization strategies like Coinjoin were created to muddle the personality of a Bitcoin client required in an advanced exchange. A client that needs to execute coinjoin in Bitcoin exchange would search out another client who additionally needs to blend coins, and they'll both start a joint exchange together.

Mobile Payments

The 21st century offered ascends to two problematic types of currency: Mobile installments and virtual currency. A versatile installment is money rendered for an item or administration through a convenient electronic gadget, for example, a wireless, Smartphone or PDA. Portable installment innovation can likewise be utilized to send money to companions or relatives. Progressively, administrations like Apple Pay and Samsung Pay are competing for retailers to acknowledge their stages for purpose of-offer installments.

Future of paper money

As financial matters educator and monetary master expressed that the paper money will totally vanish which is not so far in near future. Electronic exchange has turned out to be increasingly regular in recent couple of decades. The estimation of money depends on the esteem appointed to it. Moving from paper currency to advanced currency is in substantial part because of government implementation. Rise and fall of advanced cryptographic currency like bitcoin may impact the utilization of computerized monetary forms or virtual monetary forms.

As yet doing with the dollar, significant worth with these computerized monetary standards is hard to envision a world. Such monetary standards supplant the national monetary standards like dollars. Indeed, as long as governments keep on collecting charge, they will have the specialist to direct the currency in which those assessments might be paid.

One all inclusive currency may rise which may make different monetary standards to fall over the long haul and world turn out to be more globalized. Today, the exchange had happened like when a Canadian oil firm arranges an agreement with a Saudi Arabian organization and the arrangement is consulted in American dollars or EU Euros, not Canadian dollars.

Conclusion

The history of currency has made an attempt to explain that the currencies have been used for trading. The development and emergence of various currencies has made the transactions easy. The development of PCs, versatile use has upgraded the development of electronic exchange for which individuals will be less ready to pay charges. They will be expecting for recently imagined, bring down cost approaches to execute with money electronically as pay buddy and square. Regardless of disadvantage of utilizing electronic exchange, paper money always has an inducement among individuals.

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