Solutions

Marking: **K** knowledge, **App** application to the case, **An** analysis (a developed chain of reasoning), **Ev** evaluation (a justified judgement); calculations earn **M1** for the method and **A1** for the answer.

Each answer shows the steps, then the **result**.

2.1

- (i) **unit of account**
- (ii) **store of value**

2.2

any two:

- not **durable**: fish rot
- not **divisible** / not **uniform**: fish differ in size and cannot be cut into equal values
- not **portable**: heavy and awkward to carry

2.3

- $5000 \times 4 \div 100$
- $= \$\mathbf{200}$

3.1

B

3.2

(a)

- $(84 - 60) \div 60 \times 100$
- $= \mathbf{40}\ \%$

(b) two functions, each explained (K + App each):

- **medium of exchange**: shops accept the balance in payment
- **store of value**: money left in the account keeps its value for later
- **unit of account**: the app shows prices and balances in the currency

(c) a developed chain, for example:

- banks collect **deposits** from savers (K)
- they **lend** to firms to buy machines or open new shops (App)
- with more capital, firms raise output and hire workers (An)
- banks also provide payment services and overdrafts, so firms can pay suppliers and wages on time (An)
- so firms can grow faster than if they relied only on their own profits (An)

(d) for: (An)

- payments are faster and cheaper; less theft and forgery
- every payment is recorded, so tax evasion and crime are harder

against: (An)

- older people and those without phones or bank accounts are excluded
- a power cut or system failure stops all payments; privacy concerns

judgement: (Ev) for example, the country gains from mostly digital payments, but cash should remain as a back-up and for people who cannot use phones, because excluding them causes real hardship.

Level 3 (6–8): both sides analysed and a justified judgement. Level 2 (3–5): one side analysed or both explained. Level 1 (1–2): simple points.