10 Why do banknotes function as money?

A They are backed by gold.

B They are durable.

C They are generally acceptable.

D They have intrinsic value.

IGCSE Economics: **w25 23**

3 Central banks influence their countries' money supply. Central banks also regulate commercial banks. Households benefit from these commercial banks in several ways. In recent years, commercial banks have introduced new technology. Global online banking increased by 14% between 2019 and 2022. These advances in technology were combined with a greater use of division of labour.

(a) Identify **two** ways central banks differ from commercial banks. [2]

(b) Explain **two** characteristics that coins possess which mean they can perform the functions of money. [4]

(c) Analyse the services provided to households by commercial banks. [6]

(d) Discuss whether or not division of labour will benefit workers. [8]

IGCSE Economics: **s25 13**

1 What is **not** a factor of production?

A a 10 dollar note

B a farm labourer

C a farm shop

D a tractor

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10 Which function does a central bank provide for the general public?

A accepting deposits

B issuing banknotes

C making loans

D providing overdrafts

10 What is **not** a function of money?

A medium of exchange

B portability

C store of value

D unit of account

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10 What is a function of a commercial bank?

A accepting deposits

B controlling money supply

C issuing notes and coins

D lending money to the government