Answer Key

**WHICH OF THE FOLLOWING IS MONEY?**

- Inform students that all of the payment forms on the page are money.

**Cash** (currency and coin) is probably the most familiar form of money. Cash is convenient to use, and it is accepted by most businesses.

**Checks** are written to deduct money you have in a bank account. Checking accounts allow you to write a check when you want to pay a bill or transfer some of your money to someone else.

**ATM/debit cards** are offered by many banks in conjunction with checking accounts as an alternative for customers to access their accounts and make payments. A debit card is a banking card that can be used to withdraw cash from an ATM (automated teller machine) or used to make a purchase at a retail store. When you use a debit card to make a purchase, the purchase amount is automatically deducted from your checking account.

**Electronic payments** surpassed check transactions for the first time in 2003. Consumer use of electronic payment methods such as ATM and debit cards, automated clearinghouse (ACH) payments, online banking, and direct deposit continues to increase. Electronic payments accounted for more than two-thirds of noncash payments by 2006.

**What are some advantages of these payment methods?**

- Cash, checks, and debit cards are all convenient to carry and use. Cash is especially convenient for small purchases, and checks are good for person-to-person payments. Debit cards offer speed and convenience when used in businesses that are set up to accept such payments.
- With a checking account, your bank sends you a monthly record of the checks you’ve written and debit card payments you’ve made that you can use as proof that you’ve made a payment.

**What are some disadvantages of these payment methods?**

- When cash is lost or stolen, you rarely see it again.
- Banks sometimes charge a fee for checking accounts because check processing is costly.
- Banks may charge fees for ATM and debit cards, including charges for insufficient funds and the use of other institutions’ ATM machines.