

**TIME**  
FOR KIDS

# YOUR \$

FINANCIAL LITERACY FOR KIDS

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Foundation

## MONEY OF THE FUTURE

DIGIBITS  
FROM  
HEAVEN

PAYMENT RECEIVED  
ENJOY THE SHOW!

PAYMENT ACCEPTED  
THANK YOU FOR SHOPPING AT  
**JACK'S**



Technology is  
creating new  
ways to pay.  
Are we ready?

YOUR RIDE HAS  
BEEN CHARGED  
TO YOUR ACCOUNT

# DIGITAL CURRENCY

## Is new technology safer and smarter than cash?



A woman uses her cell phone to pay for her purchase.

Imagine you're in a store, about to buy a new video game or pair of jeans. You go to the register and hold out your hand. But it's not cash you're offering—it's your palm, which you place over a sensor that scans your vein pattern to identify you and complete the **transaction**.

An engineer in Sweden is working on this technology. It's not likely to be used in your favorite stores next year,

but other new ways to pay are. Just as televisions keep getting thinner and smartphones keep getting smarter, the way we pay is constantly changing.

### Time for Change

Our current methods of payment aren't perfect. Cash gets dirty or damaged and has to be replaced,

## WHAT IS BITCOIN?

What do you call money you can't see, touch, or deposit in a bank? It sounds like the beginning of a joke. But it's really bitcoin, a digital currency developed in 2009. Unlike regular coins, which are minted, or produced, by the U.S. Treasury, bitcoins are mined, or released, based on complicated math problems that people have to solve. Bitcoins are traded between individuals. You can also use them to buy things, but only at a few



websites and stores. Today, about 11 million bitcoins exist, making bitcoins rare compared to other forms of money. Their rarity makes them more valuable. Right now, one bitcoin is worth about \$340. But their rarity also makes them more risky. In November 2013, one bitcoin was worth more than \$1,000. And if people lose interest in bitcoin, the value could drop to almost nothing. Which kind of currency would you rather have, bitcoin or paper money?

which costs the U.S. nearly \$1 billion a year. Checks are inconvenient, and mailing them costs money. Credit and debit cards risk being targeted by hackers looking to steal account numbers.

All of these issues have inspired new technology, and some of it is already being used. Venmo, for example, is an app that lets family and friends send money. Parents can send their kids' allowance money through Venmo. Square, a little white square that attaches to a mobile phone or tablet, lets users swipe a credit card just like they would at a store. Both Square and Venmo work with banks to move money from a buyer's account to a seller's.

### Mobile Money

One of the newest concepts is mobile money, which allows users to pay with phones or mobile devices. Apple Pay is an example of mobile money. It saves credit- and debit-card information on the phone. Users can make purchases in stores by waving the phone near a sensor or scanner.

Mobile money is more convenient than paper money,

and safer than credit and debit cards. It talks to a bank using codes instead of actual credit-card numbers, so those card numbers can't be stolen. Apple Pay uses fingerprints to identify user information and keep it secure.

Experts say we will one day move toward new ways of paying that eliminate the need for even a smartphone. That's where ideas like scanning a hand come in. Engineers in the Netherlands have created a payment method called Eaze that allows a buyer to pay by nodding while wearing Google Glass, high-tech eyeglasses.

You may one day be able to pay with your fingerprint, or simply by blinking. The possibilities for paying are limited only by how much money you have in your bank account.

—By Arielle O'Shea

## FAMILY CHALLENGE Pay a New Way

Pay for something in a way you never have before. Kids, talk to your parents about trying something different. Parents, help your kids understand a new kind of currency. Let them watch as you buy something online or use a debit card. Talk about your options. Why do you usually pay one way? Are you open to trying new technology?

## HOW We Pay for Things



**CATTLE** The first type of moo-lah was cattle. People paid for goods with sheep, camels, and other livestock, too. Later, grains and vegetables were also used to **barter**.

9000–6000 B.C.



**COWRIE SHELLS** Cowrie shells, the shells of a mollusk, were the most widely and longest-used currency in the world. China was the first country to use them as money.

1200 B.C.



**COINS** Silver, bronze, and gold coins first appeared in Turkey and were common in the Greek, Persian, Macedonian, and Roman empires.

500 B.C.



**PAPER MONEY** China first used paper money, or bank notes. Europe started thousands of years later. Shortly after that, paper money came to the U.S.

806 A.D.



**CREDIT CARDS** America's first bank card, named Charg-It, was introduced by John Biggins, a banker in Brooklyn, New York.

1946



**ELECTRONIC MONEY** Digital payments using mobile wallets and digital currency, like bitcoin, are on the rise.

Today and Tomorrow

FROM LEFT: GETTY IMAGES; BRAD WILSON—GETTY IMAGES; DEAGOSTINI/GETTY IMAGES; GETTY IMAGES; WALKER AND WALKER—GETTY IMAGES; BURAZIN—GETTY IMAGES; CHRIS RATCLIFFE—BLOOMBERG/GETTY IMAGES

COVER: MATT COLLINS FOR TIME FOR KIDS

## KIDS WEIGH IN

Is paper money a thing of the past? We are all used to bills and coins. But some shoppers and store owners are starting to think that managing actual money is nothing but a nuisance. The U.S. Treasury Department says that it's legal for private businesses to decide what forms of currency they'll accept. Should our society say *so long* to cash? **TWO TIME FOR KIDS** Kid Reporters give their opinions.



STEVE HIX—SOMOS IMAGES/CORBIS

## Should paper money be phased out by 2020?



**Liam Kivirist, 12**  
Browntown, Wisconsin

The U.S. spends millions of dollars a year printing currency. These days, online shopping and credit cards are moving us toward a currency-free economy. But these payment methods put people at risk for fraud and identity theft. More secure forms of noncash payment are available and get better each year. These technological breakthroughs mean more efficient ways to pay and don't cost the U.S. Treasury a cent.

**YES!**

**NO!**



**Dahlia Suiter, 13**  
Chula Vista, California

Without paper money, everyone would have to pay electronically, which means through technology. It would cost money and take time for all stores to make these options available, which not all businesses could afford. Also, not all consumers could afford the technology they would need to pay without cash. Plus, shoppers would have no privacy because every bill they pay and purchase they make could be tracked.



**We want to hear from you! The next topic: Is it wise to skip college and go directly into the workforce? E-mail your opinion to [tfkasks4you@timeforkids.com](mailto:tfkasks4you@timeforkids.com). For more information, go to [timeforkids.com/pwcdebate](http://timeforkids.com/pwcdebate).**

## THE ECONOMICS BEHIND

### Owning a Dog

The cartoon character Charlie Brown once said "Happiness is a warm puppy." But owning a dog can be expensive. First, you pay to buy or adopt your pet. Then, according to the ASPCA, you pay this much each year to own a medium-size dog:



Food	\$120
Toys and treats	\$55
Health insurance	\$225
Medical care	\$235
Pet license	\$15
<b>Total cost</b>	<b>\$650</b>



## ASK JEAN

**Jean Chatzky is a money expert.**

**How can you save money while still buying the things you want?**

—Noa Polish, 11  
Evanston, Illinois

There are two tricks. One is to save before you spend. The next time you get your allowance or receive money as a gift, try saving a quarter of it, or half. Let's say you get \$5 a week. If you're saving a quarter of that money, you'll put \$1.25 in your piggy bank. If you're saving half, you'll put

away \$2.50. Now that you know your savings are taken care of, you can do what you want

with the rest, whether that's spending it or giving it to charity. The second trick is to make saving a habit. Just like brushing your teeth and eating your vegetables, saving money becomes easy when you do it all the time. You'll feel inspired when you see money add up in your piggy bank.

Saving is something most adults have trouble with, so learning it young will help you during the rest of your life.

**Do you have a question? Write to Jean at [tfkasks4you@timeforkids.com](mailto:tfkasks4you@timeforkids.com).**

COURTESY JEAN CHATZKY

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