

During the colonial days, people used coins from all over the world. The most commonly used coin was the Spanish milled dollar, which was also called the "pieces of eight" or "ocho reales." This "peso" or "ocho reales" became the de-facto monetary unit of the Americas and it was even used in the US as legal tender up until the 1830; it was equivalent to the US dollar.

The Spanish milled dollars were easily cut apart into equal "bits" of 8 pieces. One "bit" would be equal to  $1/8$  of a dollar, and 2 bits would equal  $2/8$  (or  $1/4$  - a quarter of a dollar). By the way, this is the reason that stocks trade in  $1/8$  increments. It is because originally the US colonials used "reales" to bid on stocks (one real =  $1/8$  of a peso or one bit). Even the dollar sign is a relic of this, as it was originally a figure 8 with two vertical strokes through it