

"How do banks influence my daily life, and what surprised me most about their operations?"

Banks play a pivotal role in shaping my daily life, often in ways I take for granted. From managing my savings and providing access to funds through ATMs and online banking, to enabling transactions via debit cards or mobile payment apps, banks are integral to my financial stability and convenience.

They also offer loans for major life purchases, such as homes or cars, which empower me to achieve goals that might otherwise be unattainable. As a matter of fact, I have also taken a loan for college which is obviously at a very high interest rate, but is helping me and my family in paying the college fees. Additionally, banks safeguard my money and provide interest on savings, helping me grow my wealth over time.

Another surprising aspect is how banks leverage technology to enhance efficiency and security. Innovations like blockchain for secure transactions and AI for fraud detection highlight how modern banking is increasingly mixed with cutting-edge technology.

Overall, I learnt about the overall working of banks, be it of any type, corporate, investment or something else. I learnt about how they earn money and how they attract customers by offering loan at higher interest rates.

First, I learnt about How Banking Works, Types of Banks, and How To Choose the Best Bank for Yourself. They provide a safe place for consumers and business owners to stow their cash and a source of loans for personal purchases and business ventures. In turn, the banks use the cash that is deposited to make loans and collect interest on them. There are two types of accounts that they offer: checking and savings. Banks make loans to consumers and businesses. The cash that is deposited by their customers is lent out to other customers at a higher rate of interest than the depositor is paid. I learnt about the types of banks: retail, commercial/corporate, investment and central banks. The difference between bank and credit union.

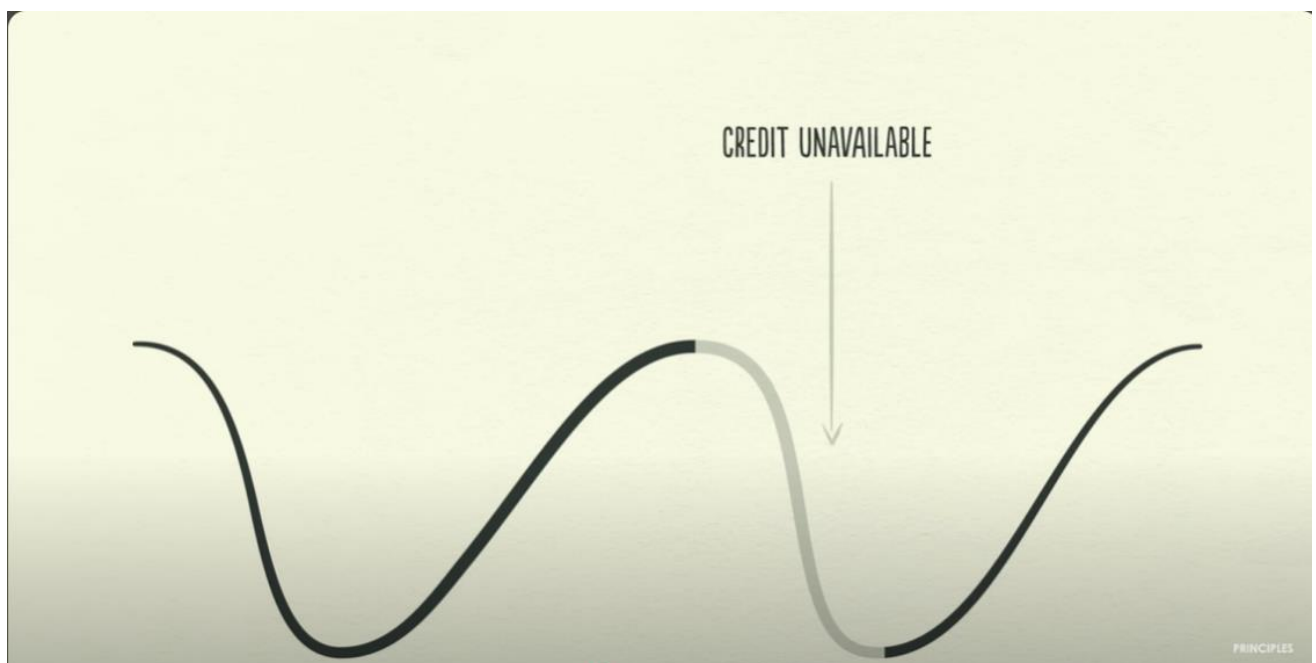
Second, I learnt about How Do Commercial Banks Work, and Why Do They Matter? The term commercial [bank](#) refers to a [financial institution](#) that accepts [deposits](#) and offers different banking and financial products. Commercial banks provide these services to people and businesses. Commercial banks make money by providing and earning [interest](#) from loans such as mortgages, auto loans, business loans, and personal loans. Commercial banks provide basic banking services and products to the general public, both individual consumers and businesses. Banks make money by imposing [service charges](#) on their customers. These [fees](#) vary based on the products, ranging from account fees (monthly maintenance charges, [minimum balance](#) fees, [overdraft](#) fees, and [non-sufficient funds \[NSF\]](#) charges), safe deposit box fees, and [late fees](#). Banks also make money from the interest they earn when they lend money to their clients. Commercial banks are an [important part of the economy](#). They not only provide consumers with an essential service but also help create capital and [liquidity](#) in the market. Some of the examples of Commercial Banks are Chase Bank by JP Morgan Chase and Bank of America.

Third, I learnt about the most interesting thing which was completely new to me which was CDBC (Central Bank Digital Currency). It is introduced by RBI and its tagline is Cash, but Digital! The salient features of CDBC are:

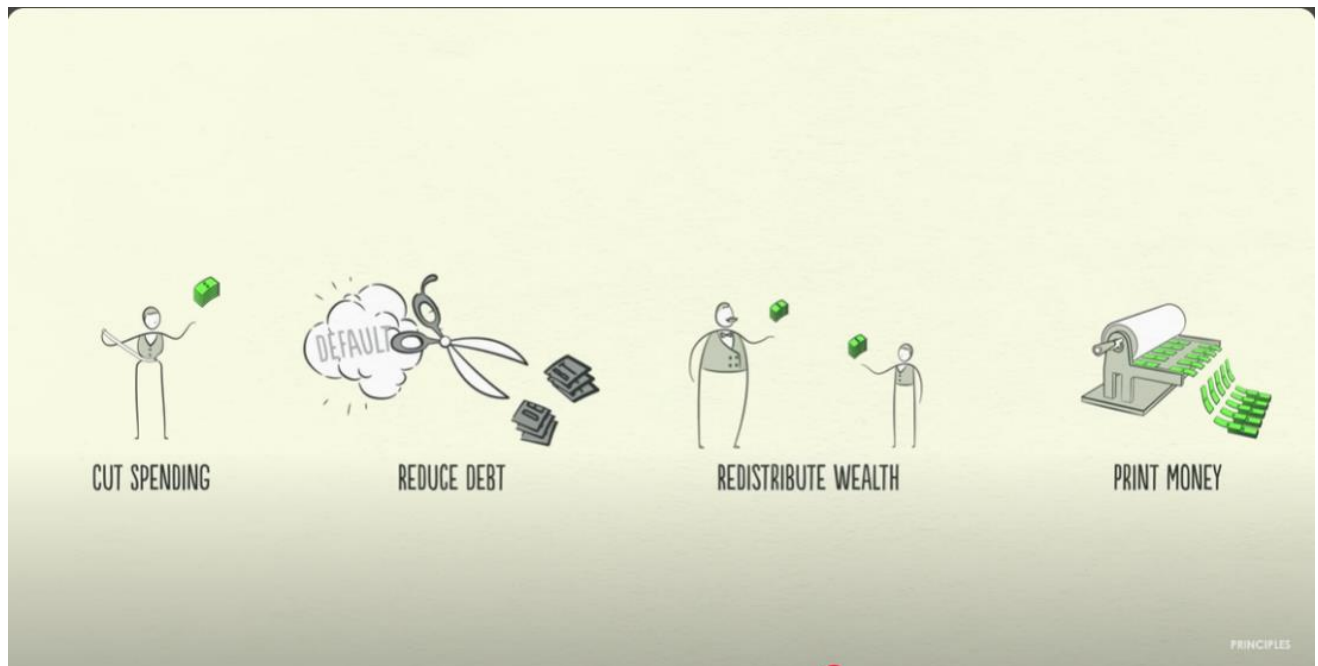
- Transactions will be anonymous (encrypted keys would be used).
- Decrease in settlement risk- multiple parties or say middlemen such as the fintech layer/app would be removed.
- There would be direct transactions and hence not need of inter bank settlements.
- Global payments would be possible which is not possible in UPI as of now.

I very important concept learnt is: "How the Economic Machine works?"

In this I learnt how the whole economic system works. Inflation, Deflation, Reflation and many other things. I learnt about a very interesting curve whose screenshots I am attaching below.



This image illustrates four common ways governments or economies address financial crises or economic imbalances:



Next, I learnt about the UBI (Universal Basic Income): Universal Basic Income (UBI) is a social welfare concept where all citizens receive a regular, unconditional cash payment from the government, regardless of employment status or income level. It is designed to ensure that everyone has a minimum level of financial security.

So, UBI a good idea? The honest answer is that we don't know yet. We need more research and test runs to come to a conclusion.

Lastly learnt about RBI's Role in Regulating Banks and Stabilizing India's Economy.