

This week, I learned that banks do a lot more than just keep money safe. The most interesting thing was fractional reserve banking, banks do not hold all the money people deposit. Instead, they use most of it to give out loans while keeping a small part in reserve. This allows businesses to grow and people to buy things like houses and cars. Without this system, borrowing money would be much harder, and the economy would grow more slowly.

I also learned about the different types of banks and what they do. Commercial banks help regular people by offering services like savings accounts, loans, and money transfers. Central banks (like the Reserve Bank of India) control the country's money supply and make sure other banks follow the rules. Banks earn money through interest on loans and service fees. This made me realize that choosing the right bank is important because fees and interest rates can be different.

Banks are a big part of daily life. Every time someone uses a credit card, pays online, or takes a loan, a bank is involved. In 2025, as digital banking becomes even more common, knowing how banks work will help me make better financial choices. Whether it's saving wisely or understanding loans, this knowledge will be useful for me, especially because I am interested in finance and trading.