**Finova Finance Domain Week 2**

Deposit-Loan Cycle:

1. Banks accept deposits from customers.
2. They lend a portion of these deposits to borrowers.
3. The difference between loan interest and deposit interest is the bank's profit.

Types of Banks:

* Commercial Banks (for individuals and businesses).

Accept deposits (savings, current accounts).

Offer loans (personal, business, mortgages).

Facilitate payments (credit/debit cards, transfers).

* Investment Banks (for large-scale financial services, mergers).
* Central Banks (control money supply & regulations).

Bank Revenue Model:

* Earns interest from loans.
* Charges fees on transactions and services.

Economic Cycles:

* When banks lend more, the economy grows.
* When lending tightens, recession can occur.

Having read the study materials, I understand better how banks work and impact my life. Banks were always something to me where money is kept and cash is withdrawn, but I never knew how much role they play in running the economy. What I was most surprised at was how banks generate money by lending. The notion that my invested money is not merely lying in a vault but is actually being used to power business expansion and personal loans was astounding. Another interesting revelation was the role of central banks in controlling financial systems.

Their power to keep prices stable, determine interest rates, and stabilize banks impacts the prices of loans, investments, and even employment. In personal ways, banks impact my own life more than I know. Whether it is the interest that my savings account earns, access to student loans, or convenience of electronic transfers, banks enable daily financial transactions. This research also made me more aware of selecting a bank sensibly based on issues such as interest rates, charges, and safety. In general, learning about banking altered my view of money, borrowing, and economic stability. It has also made me more aware of financial risks and opportunities, which will assist me in making decisions concerning my own finances in the future.