Chapter 9

Bank balance sheet, a list of the bank’s assets and liabilities.

Sources of bank funds (liabilities and capital) and uses to which the funds are put (assets).

A bank acquires funds by issuing (selling) liabilities, which are the sources of funds the bank uses. The funds obtained from issuing liabilities are used to purchase income-earning assets.

Checkable deposits are bank accounts that allow the owner of the account to write check to third parties.

Checkable deposits are payable on demand

Nontrans action deposits are the primary source of bank funds; owners cannot write checks on nontrans action deposits, but the interest rates paid on these deposits are usually higher than those on checkable deposits.

Time deposits have a fixed maturity length, ranging from several months to over five years.