

# Week 2

## Basics of Banking

Welcome to Week 2 of Finova's Finance, Banking, and Payments Task Phase! Building on last week's introduction to finance and money, this week focuses on the fundamentals of banking—how banks operate, their role in the economy, and the services they provide. Expect to spend approximately 6-8 hours on the reading and video materials provided below. These resources will give you a clear understanding of banking essentials, preparing you for deeper topics ahead.

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## Week 2: Basics of Banking

**Objective:** Understand the purpose of banks, their core operations, and their significance in the financial system.

## Tasks and Resources

### 1. Reading Material (3-4 hours)

- **Investopedia: "How the Banking System Works"** (20 minutes)
  - Link: [How Banking Works, Types of Banks, and How To Choose the Best Bank for You](#)
  - Focus: Overview of banking, the deposit-loan cycle, and how banks create money through lending.
- **Investopedia: "Commercial Bank"** (20 minutes)
  - Link: <https://www.investopedia.com/terms/c/commercialbank.asp>
  - Focus: Role of commercial banks, key services (deposits, loans, payments), and their economic impact.
- **The Future of Money: "Banking Basics"** (2-3 hours)
  - Link: [\(1\) #53 The Future of Money - by Anirudha Basak - Bank on Basak](#)
  - Focus: Exploratory Article aimed at expanding your map of possibilities.

### 2. Video Material (2-3 hours)

- **Khan Academy: "Banking and Money"** (1 hour)
  - Link: <https://www.khanacademy.org/economics-finance-domain/core-finance/money-and-banking>

- Focus: Watch the first three videos in the “Banking and Money” section (e.g., “Banking 1: Fractional Reserve Banking”) to understand how banks manage deposits and loans.
- **Ray Dalio:** “How The Economic Machine Works?”\*\* (30 minutes)
  - Link: [How The Economic Machine Works by Ray Dalio](#)
  - Focus: Simple explanation of bank revenue sources (interest, fees) with real-world examples.
- **Kurzgesagt: “The Universal Basic Income Experiment – Banks in a Nutshell”** (10 minutes)
  - Link: <https://www.youtube.com/watch?v=kl39KHS07Xc>
  - Focus: Reinforce the deposit-loan concept (first 3-4 minutes are most relevant).
- **RBI: “Role of Reserve Bank of India”** (20 minutes)
  - Link: [Everything about RBI - History, Origin, Role, Functions and Objectives | Indian Economy UPSC, IAS](#)
  - Focus: Overview of RBI’s role in regulating banks and stabilizing India’s economy.

### 3. Self-Reflection (30 minutes)

- After completing the readings and videos, write a short personal response (200-300 words):
  - *“How do banks influence my daily life, and what surprised me most about their operations?”*
- Create a comprehensive document of all that you've learned, in a PDF format with relevant screenshots and comments and upload it to your repository on GitHub.

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## Suggested Schedule

- **Day 1-2:** Read Investopedia articles (“How the Banking System Works” and “Commercial Bank”) and watch “How The Economic Machine Works?” (Ray Dalio).
  - **Day 3-4:** Explore the RBI “Banking Basics” page and watch Khan Academy’s “Banking and Money” videos.
  - **Day 5:** Watch “The Universal Basic Income Experiment” (Kurzgesagt) and “Role of Reserve Bank of India” (RBI).
  - **Day 6:** Reflect on the prompt.
  - **Day 7:** Write and review your notes to reinforce key ideas.
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## Why This Matters

Banks are the backbone of modern finance, connecting money, payments, and economic growth. This week's materials will help you understand their operations and significance, laying the groundwork for topics like financial markets and digital payments in the coming weeks. Mastery of these basics is essential for your journey to becoming a finance expert.

For any questions or support, please ask them on the group itself, it might help others having the same problem. Stay tuned for Week 3 next week!

Best regards,

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