$$\Delta D = \Delta R \times \frac{1}{r}$$

If any portion of any loan “leaks” into currency: the entire loan is not deposited in a bank

ΔM^s is smaller than

ΔCurrency is not zero

ΔDeposits is smaller than

$$\Delta D = \Delta R \times \frac{1}{r}$$

Banks are given less money to multiply via loans

$$\Delta M^{s} = \Delta \text{Currency} + \Delta \text{Deposits}$$

If any portion of any loan “leaks” into currency: the entire loan is not deposited in a bank

Banks are given less money to multiply via loans

ΔDeposits is smaller than $\Delta D = \Delta R \times \frac{1}{r}$

ΔCurrency is not zero

ΔM^s is smaller than $\Delta D = \Delta R \times \frac{1}{r}$

$\Delta M^s = \Delta$Currency + ΔDeposits