











*Loans (certificates) do not
have to be equal to the
amount of gold held by the
Goldsmith...*

*The Goldsmith can issue
certificates "worth" more than
the gold he actually holds*





32 Gold
ingots

Loan



*Four
Gold
Pieces*



Loan

*Four
Gold
Pieces*

Loan

*Four
Gold
Pieces*

Loan

*Four
Gold
Pieces*

Loan

*Four
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Pieces*

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Loan

*Four
Gold
Pieces*

Loan

*Four
Gold
Pieces*



Certificates to
redeem 100
Gold ingots

Loan

*Four
Gold
Pieces*

Loan

*Four
Gold
Pieces*

*As long as only 32 gold ingots are
paid out on any given day, the
Goldsmith will not run out of gold*







*Goldsmiths create
money by issuing loans*



*Goldsmiths create
money by issuing loans*

