

The logo for Bank A is a stylized orange house shape. It features a triangular roof and a rectangular body with a thick orange border. The text "Bank A" is centered within the triangular roof section.

Bank A

$r=10\%$

R

=

r

x

D

L

=

D

-

R



Reserves

W

h

a



h

a

p

p

e

n

S



n

C

e



h

e

n



W









y



S

d

e

p



S





e

d



n





b

a

n

k

S



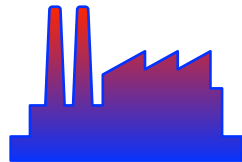
D

Deposits made by
the public

L



Loans to the public



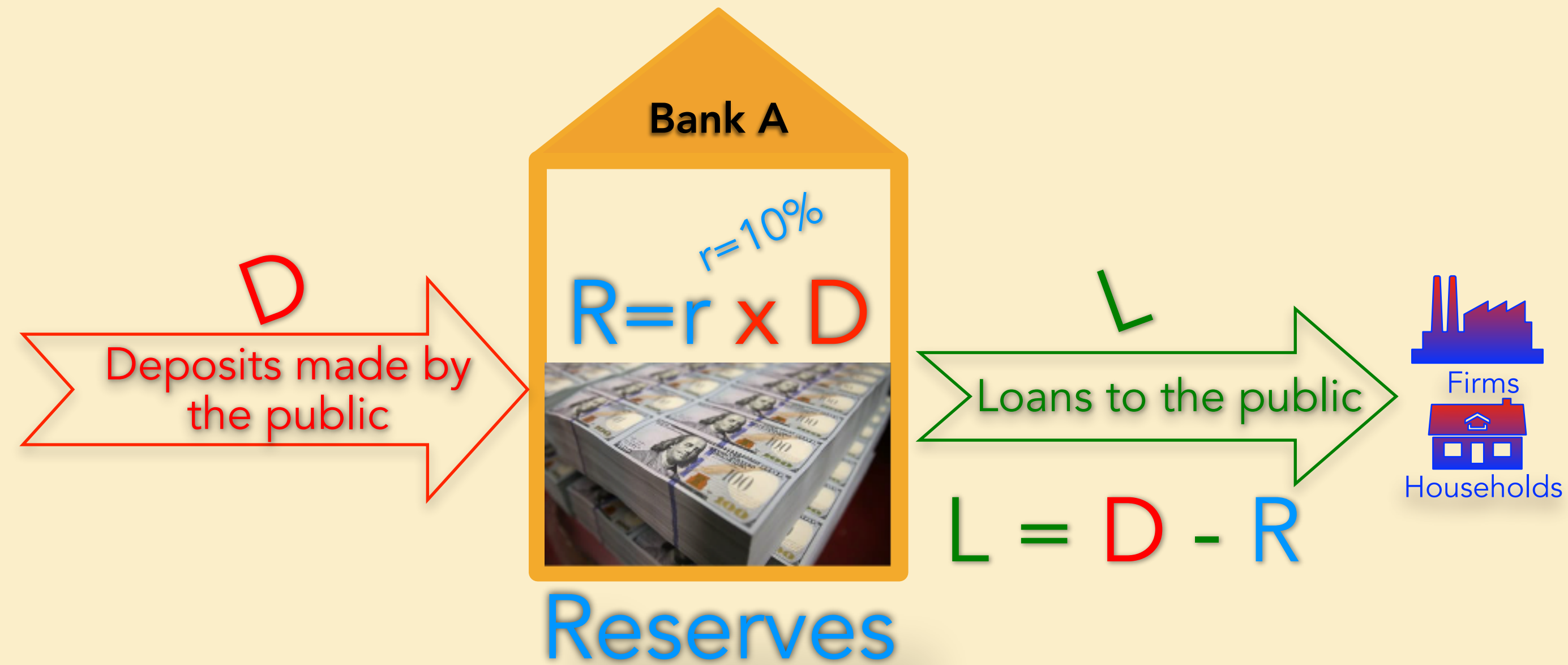
Firms



Households

How Banks Work

How Banks Work



What happens once the **new money** is deposited into banks?

Bank A

