

The logo for Bank A features a stylized orange house shape. The roof is a solid orange triangle, and the main body is a white rectangle with a thick orange border. The text "Bank A" is centered within the orange triangle.

Bank A

$r=10\%$

R

=

r

x

D

L

=

D

-

R



Reserves

W

h

a



h

a

p

p

e

n

S

W

h

e

n

n

e

W

m



n

e

y



S

g





e

n





b

a

n

k

S



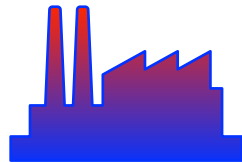
D

Deposits made by
the public

L



Loans to the public



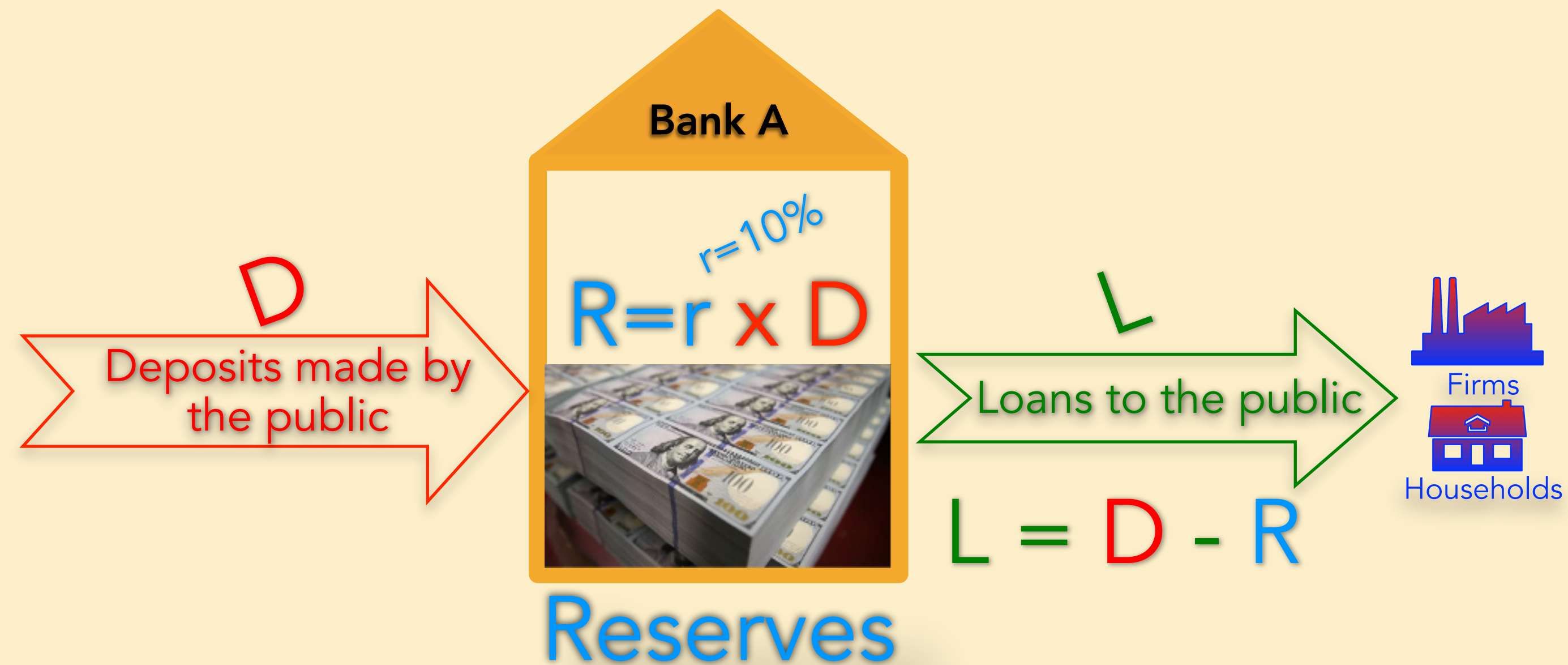
Firms



Households

How Banks Work

How Banks Work



What happens when new money is given to banks?

Bank A

