



The logo for Bank A is a stylized orange building icon. It features a triangular roof and a rectangular body, both outlined in orange. The text "Bank A" is centered within the triangular roof section.

**Bank A**



New  
Money:  
3,000b

A blue icon of a building with a triangular roof and a rectangular body, outlined in a darker blue. The text "Bank B" is centered within the triangular roof section.

Bank B



$L = 0.9 * 3,000$



$D = 0.9 * 3,000$



Bank C

A pink house-shaped icon representing Bank D. It has a triangular roof and a rectangular body, both outlined in pink. The text "Bank D" is centered in the roof.

Bank D

The logo for Bank E is a yellow house-like shape. It features a yellow triangular roof and a yellow rectangular base. The text "Bank E" is centered within the yellow triangular roof.

Bank E



The logo for Bank F is a red outline of a house. The roof is a solid red triangle, and the main body is a white rectangle with a thick red border. The text "Bank F" is centered within the red triangle.


Bank F

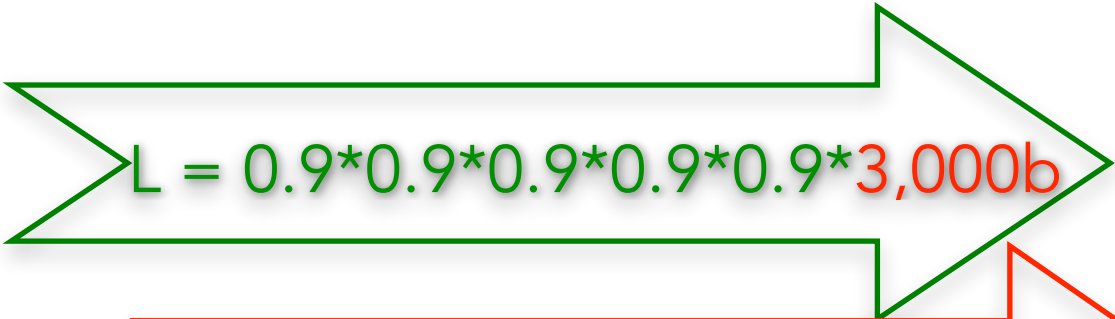
D = 3,000,000



$$L = 0.9 * 0.9 * 3,000$$


$$D = 0.9 * 0.9 * 3,000$$


$$L = 0.9 * 0.9 * 0.9 * 3,000$$


$$D = 0.9 * 0.9 * 0.9 * 3,000$$


$$L = 0.9 * 0.9 * 0.9 * 0.9 * 0.9 * 3,000b$$


$$D = 0.9 * 0.9 * 0.9 * 0.9 * 0.9 * 3,000b$$


$$L = 0.9 * 0.9 * 0.9 * 0.9 * 3,000b$$


$$D = 0.9 * 0.9 * 0.9 * 0.9 * 3,000b$$

A 3,000b injection of new money into  
the banking system, increase total  
Loans by 27,000b





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Loans are  
equal to  
Deposits

Loans are  
equal to  
Deposits

Loans are  
equal to  
Deposits

Loans are  
equal to  
Deposits

Loans are  
equal to  
Deposits

$$\Delta L = \text{New Deposits} - \text{New Money}$$

Total new Loans  
issued by all banks


ALL

=

AND

-

ARR



After the initial  
deposit of  
new money...



$\Delta R$

becomes  
reserves



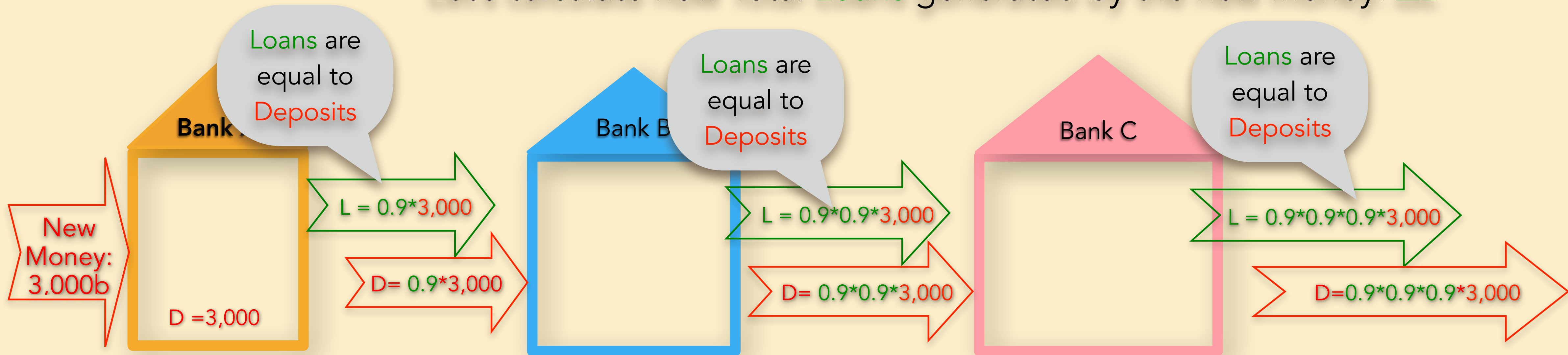
$$\Delta L = 30,0000 - 3,0000$$

$\Delta L = 27,0000$

NewMoney

Let's calculate now Total Loans generated by the new money:  $\Delta L$

Let's calculate now Total **Loans** generated by the new money:  $\Delta L$



Total new Loans issued by all banks

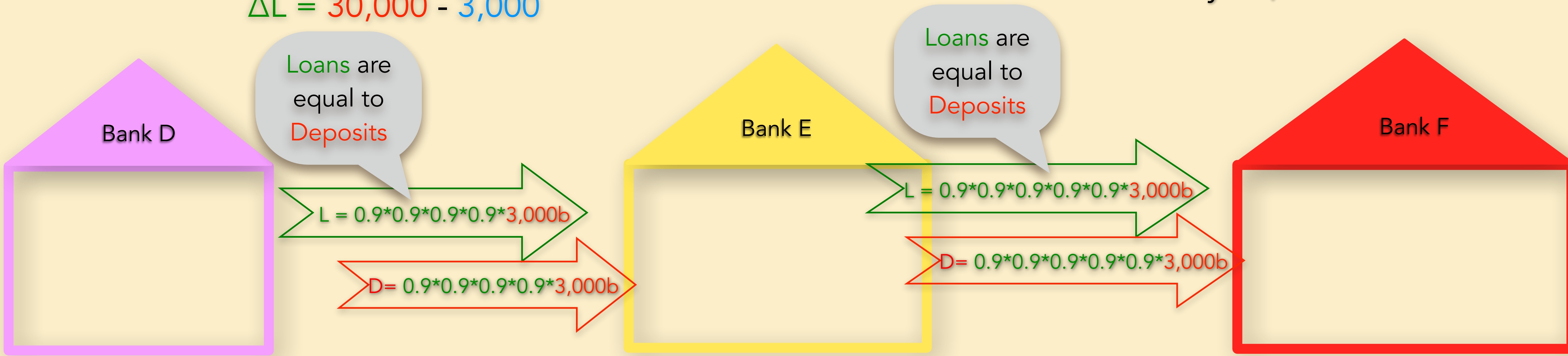
$$\Delta L = \text{New Deposits} - \text{New Money}$$

$$\Delta L = \Delta D - \Delta R$$

$$\Delta L = 30,000 - 3,000$$

$$\Delta L = 27,000$$

A 3,000b injection of new money into the banking system, increase total Loans by 27,000b



Equations to calculate the effect of an injection of **new money**: