

Name: _____

Date: _____

Where did that money come from?

Help the Federal Reserve track the money being created by banks. Sally makes a deposit of \$1000 in her first checking account. Bob, the next day, is allowed a \$900 loan because the bank must keep at least 10% in the vault due to fractional reserve requirements. That same day Bob takes the money he loaned for his business and deposits it in another bank for later use. Your job is to track how much money is being created from Sally's original \$1000, as each new person takes out a loan from different banks. Fill in each unfinished section of the chart following the same 10% fractional reserve ratio until you get to the final total amount of money created by the six borrowers.

Investors	\$	\$	\$	\$	\$	\$	\$
Sally	1000	1000	1000	1000	1000	1000	1000
Bob		900	900	900	900	900	900
Joe							
Tom							
Bertha							
Ed							
Dina							
Borrowed money put back into the banking system		900					
Total in the banking system		1900					