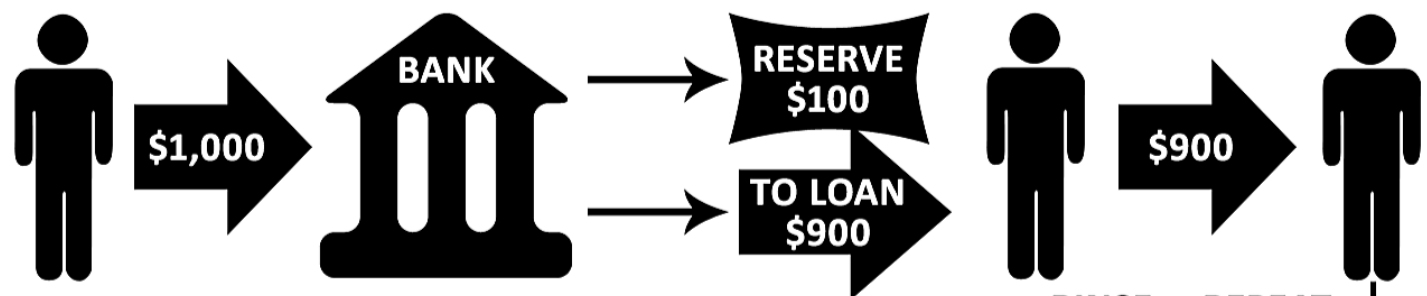


# THE BASIC FRACTIONAL RESERVE BANKING CYCLE

## 1. DEPOSIT

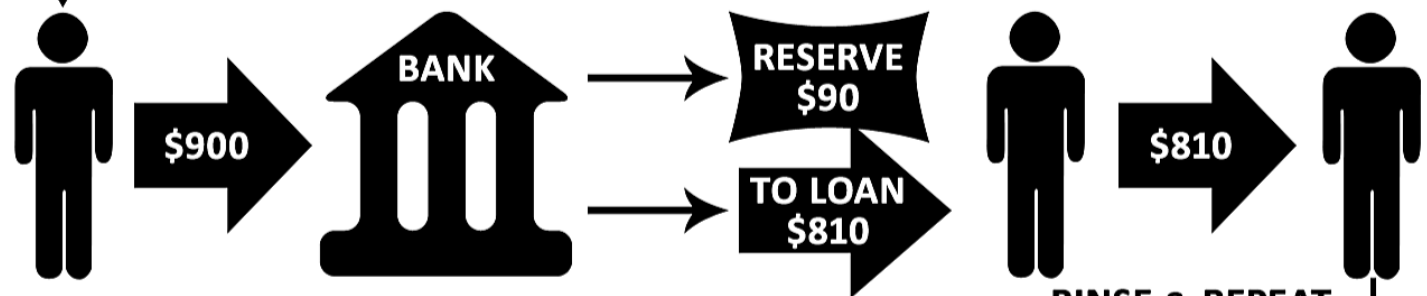
## 2. LOAN

## 3. SPEND



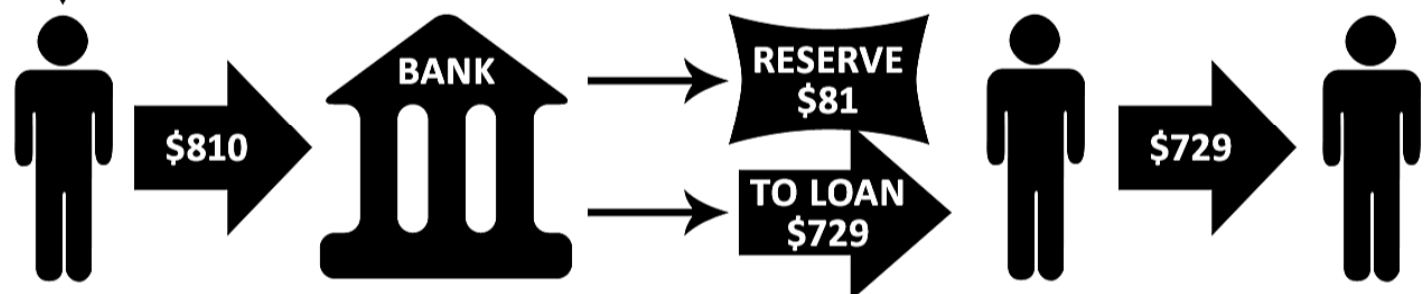
AT THIS POINT THERE IS \$1,900 IN THE SYSTEM.  
THE BANK HAS \$100.

RINSE & REPEAT FROM STEP 1...



AT THIS POINT THERE IS \$2,710 IN THE SYSTEM.  
THE BANK HAS \$190.

RINSE & REPEAT FROM STEP 1...



AT THIS POINT THERE IS \$3,439 IN THE SYSTEM.  
THE BANK HAS \$271.