



**WHAT IS
MONEY?**



**Click on the picture for a VIDEO
on how banks create money**

The money that banks create isn't actual **paper money**, but the **electronic deposit money** flashing up on the screen when you check your bank account balance. This global bank deposit money makes up the **vast majority** of the money in global economy.

Banks can create money through the accounting they use when they make **loans**. The numbers that you see when you check your account balance are a '**liability**' or **IOU** (shortened for '**I Owe You**'; that is, a **debit note**) from your bank to you. By using your debit card or internet banking, you can spend these IOUs as though they were the same as £10 notes. By creating these electronic IOUs, banks can effectively create a **substitute for money**.