

“There’s No Business Like Bank Business”

Characters: Susie Saver; Sam Spender; Ima Teller;
Larry Loaner; Mark Manager

Setting, Scene 1: (*Outside Susie’s house, Sam walks by.*)

Sam: Hey, Susie! Guess what I got for a birthday present?

Susie: What did you get, Sam?

Sam: Twenty dollars, Susie! Yeah, twenty smackers, twenty big ones!

Susie: Awesome! What are you planning to do with your cash?

Sam: I dunno—I can’t decide. Should I spend it on a new toy, or a basketball? Or maybe a bunch of candy?

Susie: Have you thought about **saving** your money?

Sam: Saving it? Why would I want to do that?

Susie: Because you might see something later that you **really** want to purchase, but by then it will be too late. You won’t have the cash!

Sam: Yeah, but I don’t really have a great place to keep my \$20 in my room. My little brother’s always snooping around and he might find my stash, or I might forget where I hid it.

Susie: There’s an easier way to save money. Take it to the bank and open up an account!

Sam: Save at a bank? Why should I give them my money?

Susie: Let’s go down to Big Bucks Bank and I’ll show you!

Setting, Scene 2: (*Lobby of Big Bucks Bank*)

Sam: Wow! This is a big bank building. What do all the people do here?

Susie: Let’s find out. Look, there’s my favorite bank teller, Ima. Let’s ask her our questions. She’s really nice to kids!

Ima: Good morning! What can I do to help you two today?

Susie: Well, Sam received \$20 for his birthday and he's not sure what he wants to do with his money. Can you tell him about a savings account?

Ima: Certainly! Sam, opening a savings account and depositing your money at a bank will keep it safe. You'll just need your parent's signature to open your account. We will also pay you **interest** on your money to thank you for banking with us!

Sam: Interest, like I have an interest in basketball?

Ima: No, Sam—this is a different kind of interest! We pay you money for the use of your deposit money to make loans to other people.

Sam: Wait a minute! You're going to take my money and loan it to someone else? No way!!

Ima: Yes, that's how banks operate! Let's go talk to Larry Loaner to find out more!

Sam: (mumbles) I don't know about this, Susie!

Susie: Shush! Here comes Mr. Loaner.

Ima: Hi, Larry! Could you explain to Sam how our loan department works?

Larry: Sure, Ima! Sam, we take the money deposited at our bank and lend it to customers who need new cars, homes, or money for college. They have to pay back the money loaned to them later, plus interest.

Sam: I'm already wise about interest. But customers have to pay interest **back** to the bank?

Larry: You bet. That's how banks make their **profit**!

Sam: Another big word. Okay, what's profit?

Larry: Profit is the extra money or income a business makes after it pays its costs of operating. Profit is what keeps us in business!

Sam: I get it! I give the money to you, you pay **me** interest, you loan it to customers, they pay **you** interest, and everybody's happy.

Susie: Wait a minute! I have a question, Larry. What happens if Sam wants to withdraw his deposit and you've loaned all the money out? Is he out of luck?

Larry: Are you ready for another big word? We have **reserves** to cover withdrawals. Reserves are a part of the deposits in dollars that a bank is required to keep on hand and

not loan out to customers. Reserves can help us pay out deposits when account holders need their money back.

Sam: Speaking of needing money back, what if I deposit my \$20, then decide I need it back to buy something right away. Is it a hassle for me to withdraw it?

Ima: I can answer that one. All you need to do is fill out a withdrawal form and with your parent's signature, you can receive your \$20 back. Just like that!

Sam: Cool! It sounds like saving in a bank is the way to go. I just have one more question. Do banks print their own money?

Ima: Here comes Mark Manager. He'll fill you in!

Mark: Hi, Ima and Larry! Do we have two young customers here?

Ima: Mark, this is Susie and her friend, Sam. They are learning how our bank operates.

Mark: So, do you have any questions for me, kids?

Sam: Yeah, can we see where you print your money?

Mark: Sorry, Sam—that's not possible, because banks don't print their own money! It's printed at a place called the Bureau of Engraving and Printing, then sent to us through the Federal Reserve Bank.

Susie: Is that the place they call the Fed?

Mark: Correct! The Fed is the Central Bank for the whole United States. It is the bank for all the other banks and also a bank for our government. The Fed examines and watches over banks to make sure the banks are safe and secure businesses.

Sam: So how does the Fed help banks get their money?

Mark: Currency from the Bureau of Engraving and Printing and coin made at the U.S. Mint are shipped to the 12 regional Fed buildings and many of their 25 branch offices. The Fed buildings store this money until banks need it. Then it is sent to banks when they run low on currency or coin. Banks can also send their extra cash or coin to be stored at the Fed.

Sam: So the Fed is like a big money warehouse?

Mark: Kind of. The Fed is also responsible for destroying old cash by shredding it up so it can't be spent.

Sam: Wow! I've learned so much about money and banking today that my head hurts!

Susie: And it all started with a \$20 birthday gift!

Ima: Let us know when you make your spending or saving decision. We'll be ready to open your account!

Sam: Thanks, Ima! I've got some serious thinking to do—once my head stops hurting!

Written by Michele T. Wulff for the Federal Reserve Bank of Kansas City