Wednesday 30th September, 1-3pm
Business School, Maurice Keyworth Building, SR (1.33)

Banks are not Intermediaries of Loanable Funds…
and Why This Matters

Michael Kumhof
Bank of England

**ABSTRACT:** In the intermediation of loanable funds model of banking, banks accept deposits of pre-existing real resources from savers and then lend them to borrowers. In the real world, banks provide financing through money creation. That is they create deposits of new money through lending, and in doing so are mainly constrained by profitability and solvency considerations. This paper contrasts simple intermediation and financing models of banking. Compared to otherwise identical intermediation models, and following identical shocks, financing models predict changes in bank lending that are far larger, happen much faster, and have much greater effects on the real economy.

Introduced by

Malcolm Sawyer
Emeritus Professor, University of Leeds

All Welcome!
Light refreshments will be available

For info contact: M.Passarella@leeds.ac.uk
Programme *Autumn 2015*

**Part 1/2**

30 Sep, 1-3pm: *Banks are not Intermediaries of Loanable Funds… and Why This Matters*, Michael Kumhof, Bank of England

7 Oct, 1-3pm: *Vintage Does Matter: The Impact and Interpretation of Post War Revisions in the Official Estimates of GDP for the United Kingdom*, Samuel H. Williamson, University of Illinois at Chicago and President of MeasuringWorth

14 Oct, 1-3pm: *to be announced*, Ioana Negru, SOAS University of London

21 Oct, 1-3pm: *Three Three Ways Environmental Innovation Complementarities: Externality Reduction, Efficiency Improving and Organizational Systems*, Serdal Ozusaglam, University of Leeds

28 Oct, 1-3pm: *Hard Pegs in Developing Countries and the Crisis in the Eurozone: Analogies and Insights*, Alessandro Vercelli, University of Siena and SOAS

Seminars are open to all staff, students and the public

Light refreshments are available before presentations

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Part 2/2

11 Nov, 1-3pm: Money Creation under Full-reserve Banking: a Stock-flow Consistent Model, Patrizio Lainà, University of Helsinki

18 Nov, 1-3pm: When and for Whom Does Income Relate to Subjective Well-being?, Christopher Boyce, University of Stirling

25 Nov, 1-3pm: Exploitation as the Unequal Exchange of Labour: An Axiomatic Approach, Roberto Veneziani, Queen Mary University of London

02 Dec, 3-5pm: to be announced, Steve Keen, University of Kingston

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