



Wednesday 30<sup>th</sup> 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

# Programme *Autumn 2015*

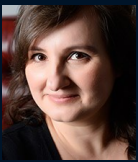
## Part 1/2



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**

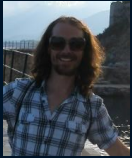
Light refreshments are available before presentations

# Programme *Autumn 2015*

## 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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