

# How Money is Created from Nothing #2 – Commercial Bank Money

## Checkbook Money Generated Through Fractional Reserve Banking

### How bankers misuse the word “Lend” to deceive borrowers into paying interest

**Bankers had a problem.** They wanted to make lots of loans to collect lots of interest but they wanted to use money generated through their power to create money from nothing rather than using their own. That way there would be no risk to the bank. The problem was how to get people to accept the idea of paying interest on money the banks created when they (the banks) had done nothing or risked anything to deserve it.

**Their solution was to lie.** Bankers decided to use the common word “lend” and change its meaning in their contracts and not tell the borrowers. Bankers unilaterally redefined the word “lend” to describe the bank process that; 1) creates new money from debt by typing amounts into a computer, 2) requires borrowers to sign an IOU paying interest on made-up money, 3) requires borrowers to forfeit their collateral should they not pay the interest. Bankers knew when a person encountered the word “lend” they would attribute his/her life-long understanding of the word “lend” and not the banker’s new definition. People would assume bankers were using the word “lend” the same way the rest of the people on the planet use it. That is, a person “borrowing” money from the bank would assume the bank was “lending” them part of the bank’s own money and for this privilege the person would pay the bank interest. This deception is vital to instill in borrowers a feeling of obligation to pay interest for the perceived bank risk (banks using their own money), when in fact the bank is risking nothing at all.

**Bankers don’t lend any of their own money or any of their depositors but they want you to think they do so they can charge you interest.** Signing the bank’s lending agreement (IOU), provides the bank the legal authority needed through the bank’s charter to create new money by typing the loan amount into the borrower’s deposit account.

## Bank “Lending” - What Actually Happens

Keep in mind this process is supposed to be confusing & illogical. Don't try to understand why the banks did it this way, just be aware that they did. Banks defraud the public everyday.

