

NAME: _____

DATE: _____

ACTIVITY

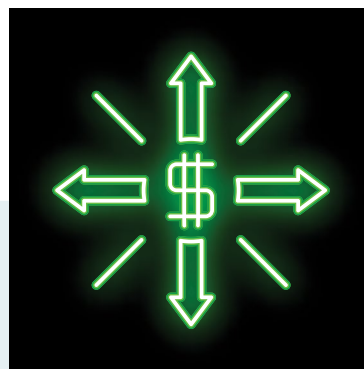
Money Flow

What + Why: Draw a model of how money moves through financial institutions to understand where interest comes from and how banks earn money.

When you put money into a bank account, that money doesn't just stay in one place. It becomes part of a system that helps other people borrow money, and that system affects how interest works.

Supporting Materials:

Paper and markers



Instructions: For the purposes of this activity only, assume Jordan decides to take out a loan to help pay for the car. This example will help you show how the financial system works as a whole.

1. Create a **simple visual model** for the flow of money that shows:
 - A specific financial institution (choose a traditional bank, online bank, or a credit union).
 - How Jordan deposits money to save for a down payment.
 - How the chosen financial institution uses Jordan's deposits to support loans to other borrowers.
 - How interest is paid to savers and charged to borrowers (including Jordan's future loan).

2. Your diagram should illustrate how money flows through the system and how financial institutions earn money by managing deposits and loans. Label any arrows or items in your diagram with accurate vocabulary and key terms.

Note: You may use the sample diagram below to get you started, or you can get creative and design a unique money flow that still addresses the requirements above.

