**Reserve Requirement and the Multiplier**

Complete the table below demonstrating your knowledge of bank reserves and the power of the money multiplier.

**Fill in the amounts as noted based on a $25,000 deposit into a local bank.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Required reserves %** | **Required Reserves** | **Excess Reserves** | **Money multiplier** | **Maximum amount of money expansion** |
| 5% |  |  |  |  |
| 10% |  |  |  |  |
| 15% |  |  |  |  |
| 20% |  |  |  |  |
| 25% |  |  |  |  |

# Reserve Requirement and the Multiplier Answer Key

## Complete the table below demonstrating your knowledge of bank reserves and the power of the money multiplier.

**Fill in the amounts as noted based on a $25,000 deposit into a local bank.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Required reserves %** | **Required Reserves** | **Excess Reserves** | **Money multiplier** | **Maximum amount of money**  **expansion** |
| 5% | *$1,250* | *$23,750* | *20* | *$500,000* |
| 10% | *$ 2,500* | *$22,500* | *10* | *$250,000* |
| 15% | *$3,750* | *$21,250* | *6.67* | *$166,750* |
| 20% | *$5,000* | *$20,000* | *5* | *$125,000* |
| 25% | *$6,250* | *$18,750* | *4* | *$100,000* |