

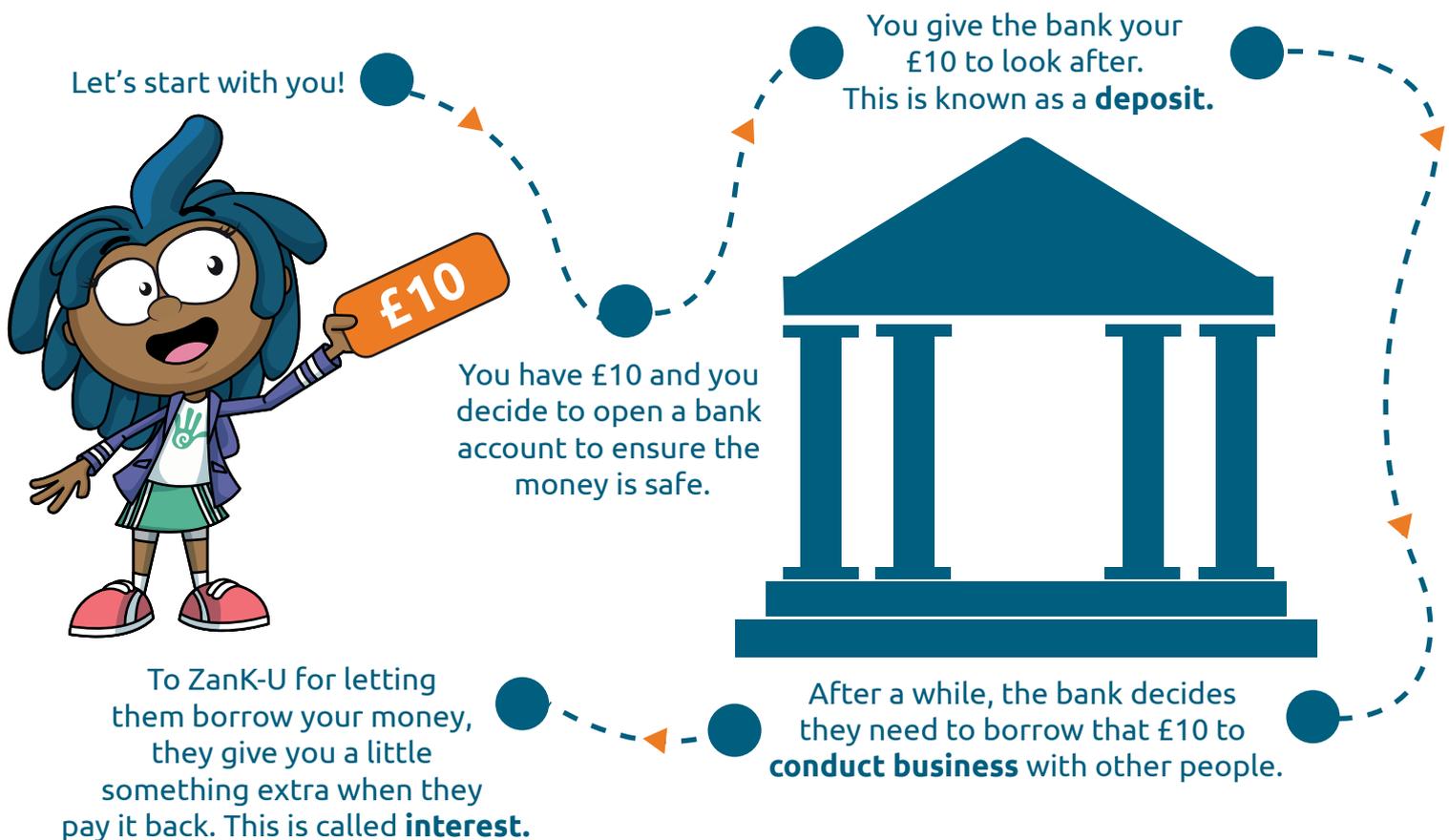


Kai, Bankers!

Sometimes it is said that 'money makes the world go round' and for some people this is true. Businesses and big employers rely on loans from the bank and donations from their customers to ensure that they can carry on working. But for the rest of us, money doesn't seem that complicated!

Most jobs are pretty straightforward: you go to work, do your job, your boss pays you. Simple right? On the surface it looks easy, but can you do it? The Central Bank of KidZania are hiring new clerks to work inside the bank and sort out our citizens' money problems – this looks like a job for you!

Before you start, you should probably know a little bit more about the system. So, how do banks work?



Question

If the interest they pay you is 2% of your £10 deposit

How much do you get back?

Answer: £10.20!

(Because 1% of £10 = 10p so 2% of £10 = 20p). Meaning that you've made a 20p profit as you only started out with £10 in the first place!

Why does the bank need to borrow my money?

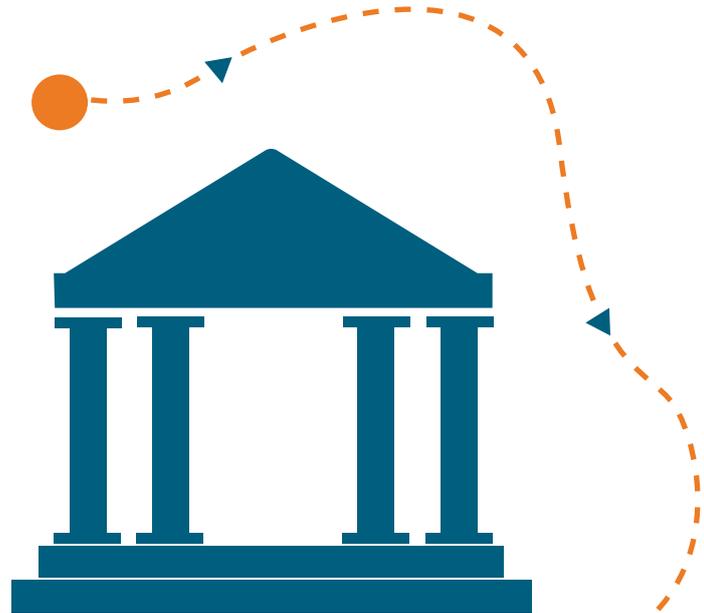
Banks borrow money from people to **conduct business** with others.

Conducting business could mean a lot of things! In this example let's say a lady wanted to buy a house.

You have £10 and you decide to open a bank account to ensure the money is safe.



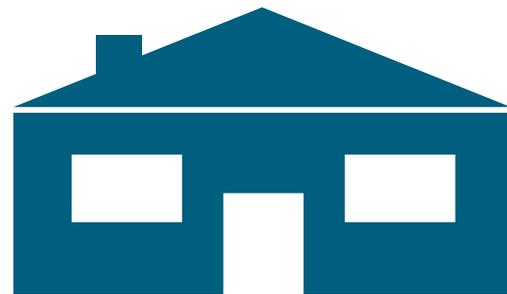
You gain 20p due to a 2% interest rate



The bank would borrow your £10 and give it to the lady to buy her house.



To thank the bank for letting them borrow the money, she gives them some extra money. This is **interest**, again



The lady buys her house and then pays back the money she borrowed from the bank.

Question

If the bank borrows from you, they pay a **low interest rate** (like 2%) but if you borrow from a bank you pay a **high interest rate** (like 9%). This is so the bank can make a profit and have enough money to pay its employees.

How much profit did the bank make from this transaction?

Answer: 70p!

(Because the lady paid 9% interest.
9% of £10 = 90p.

The bank paid you 20% interest.
20% of £10 = 20p.

But they still had 70p left over. This is their profit).

Test out your banker knowledge with a few of these brain teasers

1. Molly deposits £15 into her bank account. The bank lend it to Steve so he can get married. The bank says they'll give Molly her £10 and 3% interest. How much money does Molly get back?

Answer:

2. Steve borrowed £15 from the bank. He owes them the £15 AND 10% interest. How much does he give to the bank?

Answer:

3. The bank borrowed £200 from Kimi and leant it to Raj to pay for his holiday. Raj paid the bank back £200 plus 15% interest. The bank gave £200 back to Kimi with 4% interest. What was the bank's profit after all the transactions?

Answer:

Still a little confusing? Start up your own bank! To help get your head around the banking system, why not start one from your own home? Design your own banknotes and trade coins with other members of your family.



Banknotes usually have a picture on them, to show that country they belong to, but you can design yours however you like! Get creative! Use glitter, pens, stickers - whatever you think represents you!

Show us your Bank of KidZania cash designs by tagging any photos with [@KidZaniaLondon](#) and see how other KidZania bankers are spending or saving by following the hashtag [#KidZaniaAtHome](#).

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