

BRIDGET: Aw yeah, high score!!!

JED: What's going on? WHOA, you have a virtual reality system?

PICKUP BRIDGET: Yes! And I got an extra headset for you, because you gotta check out my new favorite game!

(SFX FUTZING WITH HELMET; SOUND OF ENTERING VIDEO GAME)

JED: This is so cool! Whoa, are we in a bank? What're we playing? Oh man, are we bank robbers?!!

BRIDGET: Bank robbers? No, this is way cooler than that. Here we go!

VIDEO GAME VOICE: Round two, start!

JED: What am I supposed to be doing?

BRIDGET: Refill the deposit slips! Hurry! I've gotta water all the ficus plants!

JED: What is happening? Why are there people swinging bags of coins! Augh! There're more of them!

VIDEO GAME VOICE: Numismatist blitz!

JED: What's a numismatist?

BRIDGET: Coin collectors! Watch out!

OLD MAN VOICE: Do you have any wheat pennies?

KID VOICE: I want buffalo nickels!

JED: Bridget?!!

BRIDGET: Just send them to the teller windows! I've gotta unjam the ATMs!

JED: Hold on, pause game!

(GAME SILENCES)

BRIDGET: Aw man, I'm so close to leveling up to Senior Member Services Representative!

JED: Member serv-... Bridget, what is this game?

BRIDGET: Virtual Branch Manager 3!

JED: We're running a bank? THIS is your favorite video game?!

BRIDGET: Definitely! I'm nationally ranked, man! Unpause Game!

(SFX BEEP BEEP BEEP "GO!")

JED: You realize VR games let you go literally anywhere and do anything, right? And you chose banking?

BRIDGET: You're gonna love it! You'll see. Ooh! Someone's making a huge withdrawal in twenty dollar bills. We've gotta deal out the bills as fast as we can! Let's go!!!

VIDEO GAME VOICE: Super cash c-c-c-c-combo!!!

JED: *sigh* Twenty, forty, sixty...

<OPENING THEME MUSIC>

JED: Hi everyone, welcome back to Million Bazillion. Where we help dollars make more sense. I'm Jed.

BRIDGET: And I'm Bridget. We answer the questions YOU have about money...And today's question is a big one:

AMAIA TAPE: Hello, My name is Amaia from Tacoma Washington and my question is, what is the history of banks and how do they work?

BRIDGET: Ooh, quite a juicy question! I can't wait to dive into this one. Especially because I've got the perfect game that can teach us all about it.

JED: Ugh, you mean Banking Stressbomb 17?

PICKUP BRIDGET: Virtual Branch Manager 3, and don't worry, you were just playing a very high Bridget-level part of the game. We can get you started at a much noobier level. You'll be fine.

JED: Fine. Will there at least be lollipops?

BRIDGET: Of course! I mean, they're virtual, but yeah.

JED: Sweet. Kind of.

NARRATOR: And Now it's time for Asking Random Kids Not So Random Questions.

If you had treasure to bury, where would you hide it so no one could find it?

(Answers Vary)

That was [NAMES]. This has been Asking Random Kids Not So Random Questions.

BRIDGET: Ok, here we are. Level one. Ready to learn about the history of banks and how they work?

JED: Uh, ok, but this doesn't look like a bank. It's just, like, a table... in a village. Where are we?

BRIDGET: This is ancient Mesopotamia. It's home to some of the earliest known systems of banking.

JED: Uh oh, there's someone coming. What do I do?

BRIDGET: Ok, so the point of this first level is to start lending stuff to people... that's when you give something to someone, but they have to pay you back later. This person looks like a farmer.

JED: Got it. Hello, farmer!

FARMER: Hello.

JED: Here, take... my shoes.

FARMER: Thank you for... [different inflection] shoes.

BRIDGET: That's not...

JED: But you gotta bring 'em back! I'm just *lending* them to you.

FARMER: Now, I can plant... [different inflection] shoes.

VIDEO GAME VOICE: Failure!

JED: What?!

BRIDGET: Yeah, that's not how banks work. They don't just lend out anything. Here, pause game. (SFX - PAUSE SOUND) All right, let's pull up an online video from an expert on banking. That'll give you an idea of how to beat the level.

JED: But that's cheating!

BRIDGET: It's not cheating; it's how everyone plays games these days. Let's see... oh, I know! Let's look up our old friend Bill Maurer from the University of California, Irvine. He knows a lot about early banks.

BILL MAURER 1: banks really started as lending institutions, they started as places where people could go to borrow money, to use it for like a trade expedition or to use it to buy materials to fix their house.

BRIDGET: So, if people needed MONEY to build a barn, they would go to early banks to get it.

JED: That's so nice of them to do! Thanks, banks!

BRIDGET: Hang on. They're not doing it to be nice. They do it, because it makes them money. Here's how. The money you borrow is called a loan. When you pay back the loan, you have to give a little bit extra to the bank...that's what the loan cost you. So if you borrowed 10 dollars, you might pay back 10 dollars and fifty cents. That little bit extra, that 50 cents, is called the interest - and banks charge interest on their loans, to make themselves money.

JED: They don't just do it because it's interesting? Get it? Interesting? Bridget? Nothing?

PICKUP BRIDGET: OK, back to banks and loans... banks require you to give the bank something they can keep if you don't pay back the loan. Like, a house. That's called collateral. Here, listen.

BILL MAURER 2: They'd make loans to traders who would go out, on you know, dangerous or risky trade expeditions. / And in those cases, the collateral would be the boat itself, or it would be a portion of the cargo or something like that. So banks ended up being these storehouses of things and of wealth because when people couldn't repay, the bank would, you know, get the property or whatever.

BRIDGET: So even if you couldn't pay back your loan, the bank still gets something.

JED: Man, I should've gotten collateral for my shoes. Those suckers are gone.

BRIDGET: Well, you live, you learn, you buy new shoes. Ok, so, let's unpause and give it another try. Remember, your bank should ask for interest and collateral. Unpause Game.

JED: Hello, welcome to First Jedly Bank. You are a...

GOAT FARMER: Goat farmer.

JED: Lovely! And you need money for...

GOAT FARMER: New fence for goats.

JED: Right, well. I think we can make this happen. You'll just need to pay me interest when you pay back the loan? And I'll hold onto one goat as... cold... matter...null

BRIDGET: Collateral.

JED: Collateral!

GOAT FARMER: Ok.

VIDEO GAME VOICE: Ten points!

BRIDGET: Good job!

JED: Woo-hoo! All right, who's next? You there, the butcher. That's a very bloody apron. Man, I hope you're a butcher.

VOICEOVER: Several hours later...

JED: And that'll be a 7.9 percent APR over the next 20 years. Congratulations on your new barn! Thanks for stopping in. Don't forget to take a free toaster with you on the way out!

VIDEO GAME VOICE: 15 thousand points!

BRIDGET: Wow, looks like you've really gotten the hang of lending as a bank!

JED: Yeah, I need a break. This is pretty fun but kind of exhausting. Whoa! What happened here? The village has turned into a city!

BRIDGET: Well, you've been playing for several hours. And the loans you've made have allowed the virtual people here to develop a flourishing economy.

JED: Whoa, I had no idea. And looks like my bank has done pretty well too. I've amassed a bunch of gold and silver from interest payments. And because of the collateral from loans, it also has a lot of goods like cloth and wheat (SFX - GOAT BLEAT) and goats. Uh, what am I gonna do with all this?

BRIDGET: Well, luckily you've unlocked a new level that'll help you take care of it.

JED: Wait, I haven't beaten the game?

BRIDGET: Lending is just the first level!

PICKUP JED: Hey! There's that farmer that planted my shoes! (running after him) Hey! Hey! Show me where you buried them!!

PICKUP BRIDGET: Let's...take a little break. And when we come back, it's time for level two...safety!

--MIDROLL--

PICKUP BRIDGET: And we're back. Jed and I are playing a video game to learn about the history of banks and how they work. In the first round, we found out banks started as places that lent money. For this next level, Jed's going to find out about another important thing that banks do: keeping money and valuables safe and secure.

JED: Oh good, because these goats keep wandering away. Come back here, you adorable collateral!

BRIDGET: All right, so start building things that'll help keep the valuables safe from virtual thieves.

VIDEO GAME VOICE: 3, 2, 1, build!

JED: Ok, well, let's start with good strong walls. And locks on the doors.

BRIDGET: Good choice. Ok, here come the bad guys.

(SFX - VIDEO GAME NOISES)

JED: Ha! That's stopping them. Uh oh, the thieves are starting to change tactics. Now, they have pickaxes!

BRIDGET: Yeah, they evolve pretty quickly. Maybe you should try hiring security guards.

JED: Good idea! And let's install a really secure vault. Man, this safety stuff is pretty expensive. Wait, what are all these regular people doing coming into my bank?

BRIDGET: Well, as you increase security, it makes customers more comfortable with the idea of keeping their money in your bank. That means you can make more money, but it also means more stuff to keep safe.

JED: Ok, wow, time keeps moving forward! Uh-oh, and so do the thieves' difficulty level. Let's see, now what do we have available to use? Ah, reinforced steel! Nice. That'll slow down the rock-tunnelers. Unbreakable glass. Wow, we're really zipping through time now!... ooh, video

cameras! Secret alarms. Yeah, this is cool stuff. Wait, the game is telling me to add FDIC insurance? What is that?

BRIDGET: Ooh, that's a good one!

JED: Really? What does it do? Shoot nets out to catch intruders? Something to do with lasers?

BRIDGET: No, it's insurance to keep your customers' money safe in case your bank fails.

JED: Banks can fail?

PICKUP BRIDGET: Yeah, it's not very common, but it happens. If it does, this insurance means customers can get back up to \$250 thousand dollars of their savings.

JED: Well, I'm not going to spend money on that.

BRIDGET: You don't have a choice. Every bank account in the U.S. has FDIC insurance. It's an important way to make sure people don't lose their life savings if something goes wrong.

JED: All right, I guess I'm getting it. Rest easy, virtual customers -- you're in good hands. Speaking of which, check it out!

VIDEO GAME VOICE: Level complete!

PICKUP JED: Ha, take that, ya lousy bank robbers! No one busts into Amalgamate-Jed Bank.

VIDEO GAME VOICE: Bonus round!

BRIDGET: Oh wow, you unlocked the savings bonus game!

JED: Excellent! How do you play this one?

BRIDGET: Well, this round is all about trying to get customers to put money into bank accounts now that we know they're really secure places. Plus, they can make money by doing it.

JED: They can?

BRIDGET: Yeah, through interest. Remember the little extra money borrowers have to pay the bank? Well, if you deposit savings into the bank - you can also earn interest for yourself. Over time it will grow. It's not much, but it's something.

JED: Sounds great! Where can we find money to put in?

BRIDGET: Well, in this level, we'll go through this virtual house and search for some.

PICKUP JED: Hey, this is my house!

VIDEO GAME VOICE: 3, 2, 1, Go!

JED: Ok! Found some under a mattress! (SFX - DING DING DING)

BRIDGET: Good! There's more in the freezer! (SFX - DING DING DING)

JED: Old coffee can in the pantry! (SFX - DING DING DING)

BRIDGET: Ooh, there's a fake book in the bookshelf that had a bunch.

JED: That's my super-secret hiding spot! Man, I thought that would be a lot harder to find.

PICKUP BRIDGET: People put their money in a bank because they think it'll be safer there than hidden around their house. Banks have all that security so it's harder to rob a bank.

PICKUP JED: Right, and the money in the bank is insured, thanks to that FDIC insurance.

BRIDGET: Exactly. Twenty seconds left! I'll start digging up the backyard to look for buried cash.

JED: Ooh, wait, I have an idea! Where's a marker and some paper?

(SFX - MARKER SQUEAKS)

BRIDGET: What are you doing? We're running out of time! Oh, couch cushions!

JED: Well, the point is to get money into the bank, right? I am making a poster.

BRIDGET: A poster?! "Saving is Smart" Why does it say that?

JED: I'm hanging it up on the wall. Maybe it'll help convince people to just get used to putting the money that they earn into their bank account. If it becomes natural behavior, then that could mean a lot of money going into their savings.

(SFX - RAPIDFIRE DINGING)

VIDEO GAME VOICE: New high score!!!

PICKUP BRIDGET: Jed! That was brilliant!

JED: Yeah! I think I'm ready to try expert mode!

BRIDGET: I don't know. There's a lot more to learn if you're going to be gaming at my level.

JED: Yeah, yeah, I'm ready. Bring it on!

BRIDGET: Hang on. We've been gaming all day. We should probably take a break.

JED: Oh man... Well, all right. My eyes are kind of fried. I need some snacks -- non-virtual ones.

-- KIDS HAVE A SAY/GUMBALL TRIVIA --

JED: So, we've had a lot of fun today learning about the history of banks and how banking works ... BUT there's something else we need to talk about

[MUSICALLY SCORED, SERIOUS VIBE]

JED: You see ... banks work for a lot of people ... but they also leave other people out.

BRIDGET: So let's talk about some of the reasons why not everyone wants to, or is able to use a bank. For more about this, we called up Lisa Servon [sir-VOHN]

LISA: "Okey Dokey ... I'm on"

BRIDGET: Lisa studies why some people don't use banks. There are some big reasons ...

SERVON 1: "One [desk bell ring SOUND FX] is that sometimes people say that banks are expensive."

JED: Yeah, a lot of banks advertise they have free accounts, but they aren't always free ...

SERVON 2: Sometimes banks will charge you money to watch your money or to keep it safe. Or they'll say, you have to keep at least \$1,000 in the account in order for us to do it for free.

BRIDGET: Ugh there could be so much fine print. It also means that if you don't have a lot of money to put in your bank account...it might actually cost you MORE money to use that bank.

JED: Which makes it actually harder to build up savings.

SERVON 3: And some people will say, we'll, I'd rather not pay you to watch my money, so I'm going to keep it at my house.

JED: in a piggy bank (*sfx coins rolling around in piggy bank*) ... or under a mattress.

BRIDGET: Reason number two why people may not have bank accounts (*desk bell ring SOUND FX*) Lisa says sometimes banks can be slowwwwww. For example, if you have a paper check ...

JED: Like the ones nana sends me on my birthday ... (*birthday blower sound*)

BRIDGET: Well if you deposit that check, (*sfx atm buttons sound effects*) it might take a couple of days for it to show up in your account. (*sfx notification sound*) And that could be a problem if you need the money right away. Like if you need to buy stuff like school supplies for that science project that's due tomorrow.

JED: And that brings us to the final reason we're talking about today. Many people don't use banks, because they just don't trust them.

SERVON 4: [*desk bell SOUND FX*] They're afraid that if they put their money there, then the bank might charge them for things that they didn't expect, where they might not get all of their money back. //

JED: Yeah, if you thought your parents had a lot of rules ... banks have waaaay more. And a lot of them come with these pesky fees and those fees can really add up (*adding calculator sfx*)

BRIDGET: Exactly! And then there's another reason...

SERVON 5: [*desk bell SOUND FX*] they might feel like the people at the bank who work there, don't treat them very well. And maybe some of you have been into a store or you've heard your parents talk about going into a place where they felt like they were treated poorly.

BRIDGET: Banks haven't always treated everyone fairly. They haven't always let everyone get a loan or use their other services . And not everyone feels welcome when they go into banks. They feel like they're still not being treated fairly.

JED: So it's fun to learn about how banks work...but we should also think about how they could work better.

-- MUSICAL INTERSTITIAL --

PICKUP JED: Well, we're almost done with this episode. Thanks to Amaia for sending in her question! We hope you have a better idea now of the history of banks and how they work. Bridget, what should we leave listeners thinking about?

BRIDGET: Well, there's one thing about banks that really jumped out to me during this episode. Banks evolve to meet the needs of the moment, and that means they've changed a lot over the course of history.

JED: Yeah, and sometimes those changes have happened really quickly. When your parents were kids, there were tubes at banks' drive-throughs that would send capsules -- SSHOOMP!! -- from the bank to your car. Inside the capsules, there'd be money and sometimes lollipops. Man, I miss those tubes!

BRIDGET: Nowadays you can do a lot of banking on your computer or even your phone. It makes you wonder what banks are going to look like in the future.

PICKUP JED: I'm betting there'll be lots of robots. Oh, I should put those in my bank next time I play!

BRIDGET: Well, here's your chance. Are you ready to try the game on Bridget mode? Remember what you've learned.

JED: I won't let you down! Bring it on!

BRIDGET: Ok...

VIDEO GAME VOICE: 3, 2, 1, bank!

JED: I said, "Bring it on!" Where is everybody?

VIDEO GAME VOICE: Failure!

JED: What?

BRIDGET: You forgot to unlock the doors. Rookie mistake.

VIDEO GAME VOICE: GAME OVER!

(SFX game shutting down GAME OVER!)

---CLOSE---

JED: Thanks for listening to Million Bazillion -- where we help dollars make more sense!

BRIDGET: We love answering your questions. If you have one you want us to answer, or an idea for an episode, send it to us at Marketplace dot org slash million.

JED: If you want more from this episode, sign up for our bonus newsletter. You'll get extras for kids and their grownups including a tip sheet and a comic. And we'll send new episodes of

Million Bazillion right to your email inbox for the rest of the season. Sign up at [Marketplace dot org slash BONUS](http://Marketplace.org/slash/BONUS).

BRIDGET: And a big THANK YOU to Bill Maurer, is a professor of anthropology and the dean of social sciences at the University of California-Irvine for helping us understand the history of banks. And thank you to Kimberly Adams, Marque Green, Kristin Schwab, Daniel Shin, and Eloise.

JED: Million Bazillion is brought to you by Marketplace in collaboration with Brains On! And American Public Media.

I'm your host, Jed Kim...

The senior producer is my co-host, Bridget Bodnar

Marissa Cabrera is our producer.

Sanden Totten is our editor.

Chris Julin is our sound designer.

Our theme music was created by Wonderly.

This episode was mixed by Bekah Wineman.

Our digital team includes Erica Phillips and Tony Wagner.

Sitara Nieves is the Executive Director of On Demand at Marketplace.

BRIDGET: And special thanks to the people who provided the startup funding for Million Bazillion, and who continue to help keep us going: The Ranzetta Family Charitable Fund and Next Gen Personal Finance, supporting Marketplace's work to make younger audiences smarter about the economy.

JED: To all the grown-ups listening right now – we hope that you and the kids in your life are having some good conversations about money thanks to Million Bazillion. We created this podcast to help kids get an early start on learning about the economy – and to keep it going, we're counting on your support. Donate today at marketplace-dot-org-slash-givemillion, and thanks for chipping in to make our work possible.