

Funding the Future

Article URL

Published: January 12, 2026, 7:16 pm

I posted this video on YouTube this morning:

<https://www.youtube.com/watch?v=0yMMTDYFILc>

In case the video is not embedded properly (and that happens sometimes) [it is available here](#).

The transcript is as follows:

The way that banks create money is so hideously simple that everyone needs to understand it.

People presume that somehow or other, creating money is really complicated. A dark art, a mystery that is beyond the comprehension of most human beings. It isn't, because you take part in that process every time you ask for a loan, which includes every time you tap your credit card, I stress credit card, on a payment machine, because you are asking to increase your loan from the bank every time you do that.

What are you doing? You're saying to the bank by tapping your credit card on a credit payment machine that you would like to have an extra loan, which you promise to repay to the bank. The bank knows you because it's done credit checks on you and says, "yes, okay, we believe that you will repay us. Therefore, we'll let you have this money to make this payment now, to the person to whom you want payment to be made."

It's your promise to the bank to repay, matched by their promise to make payment to the person you've asked them to make settlement to that creates money. Literally, your exchanges of promises - the bank to you, you to the bank - creates the money that exists in this country.

Now, not all the money - because some is also created by government. We'll leave that aside at the moment.

The money that's used in the day-to-day economy is bank-created money, and that's how it's made. By a person making a promise to a bank and a bank making a promise to a person. It would be the same if the loan, by the way, was for a quarter of a million pounds to buy a house or a flat. You promise to repay the bank. They promise to pay the person who's selling you the flat. That's what a mortgage is. It's just an exchange of promises to pay. That also creates money.

And that money exists until one critical event happens, and that is that you make repayment of it. So, if you clear your credit card bill, the money that the bank created for you disappears because you have fulfilled your promise to pay. They paid that person, but you've now paid them. And as a consequence, the money that was created by your mutual exchange of promises has now gone.

It's literally destroyed. It hasn't gone anywhere at all. It's disappeared. Therefore, the continual supply of new money into our economy is essential if we're going to have enough cash to make the economy go around.

That's why credit is so common. Because all our money is based upon this simple principle that all money is debt - the exchange of promises to pay. And that's why we have a debt-based economy.

All money is made like this. All money is debt. There's nothing else. And if anybody tells you that there is another form of money which is not debt, I'm sorry to say, they're telling you something that isn't true.

So, for example, if they say that money could be gold or silver or something else, that's not actually the case. Gold has no inherent worth as money. It does as rings and jewellery and everything else. But as money, it's just a symbol of a debt. It's security for the payment of the debt. It secures the promise you've made. That's all it is. But it isn't actually the money itself. The money is the promise to pay that the gold represents.

And that's the critical point. There is nothing else but debt-based money, because throughout the economy, throughout history, we've always made promises to pay. And since the development of modern banking - about the 17th century - it's always been banks and people who've exchanged those promises to create the money we use to make our economy go round.

And it is as simple, as straightforward as that. You promise to pay, the bank promises to pay who you instruct, money is created, and when you repay the loan it's cleared, destroyed, disappears. And that's it. That's all you need to know about money creation.