

Q.3

### Barter system

- A barter system is an old method of exchange.
- The system has been used for centuries, long before the money was invented.
- Banks keep only 15% of their deposit as cash with themselves.
- 85% of the deposits they use.

Collateral is an asset that the borrower owns and use this as a guarantee to a lender until the loan is repaid.

1. Banks use a major portion of deposits to extend loans. They charge a higher rate of interest on loans.
2. It is authorised by govt.