Zombie banks live on thanks to 'free' money - “Our fractional reserve banking system is a house of cards”

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Glint
believes that a fresh ‘Lehman moment’ has only been postponed thanks to intervention by central banks injecting mountains of newly created money into our financial system.

The US Federal Reserve has invented something called the Bank Term Funding Program (BFTP), to provide loans to banks that are in trouble, for up to a year. These banks will guarantee the loans by holding US government debt! US banks have now borrowed around $300 billion, a fresh burst of Quantitative Easing, from the Fed in the past week. Is this a U-turn or a one-off?

In Europe the Swiss National Bank has already promised a liquidity assistance loan of up to 100 billion Swiss francs (US$108 billion) to ease the UBS purchase of collapsed Credit Suisse.

“*Despite the evidence that these banks have taken egregious risks with depositors’ funds, central banks have decided to bail them out with newly created ‘free’ money. At best this will postpone the final crisis for these banks but at the cost of playing fast and loose with our monetary system*,” says Jason Cozens, founder, and CEO of gold-based payments’ platform Glint.

“*Our fractional reserve banking system is a house of cards. The only lesson learned from the 2008-09 financial crash was how to throw sand in the face of the public. When a fresh banking crisis erupts, create new money and let the zombies limp on. This is no way to run a financial system,”* added Cozens.

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