

- Bank takes deposits of \$1 from many borrowers and lends out to project that yields a gross return of $R > 1$ in 2 years
- Bank can call in loan before project is finished. But only at a substantial loss (gross return $0 < r < 1$)
- Should you run on this bank?

	Everyone else withdraws	Everyone else does not withdraw
You withdraw	r	1
You do not withdraw	0	R

- **Multiple** (symmetric Nash) **equilibria**:
 - If everyone else is going to withdraw, you should too
 - If no one else is going to withdraw, you should not.