The article starts with Haslag's (1998) model of the bank's demand for reserves and reformulates it with a cash-in-advance approach for both financial intermediary and consumer. This gives a demand for a base of cash plus reserves that is not sensitive to who gets the inflation tax transfer. It extends the model to formulate a demand for demand deposits, yielding an M1-type demand, and then includes exchange credit, yielding an M2-type demand. Based on the comparative statics of the model, it provides an interpretation of the evidence on monetary aggregates. This explanation relies on the nominal interest as well as technology factors of the banking sector.

**DESCRIPTORS:** Money-Supply; Credit-; Money-Multipliers (E510); Banks-; Other-Depository-Institutions; Mortgages (G210); Monetary-Growth-Models (O420); Bank-; Cash-In-Advance; Credit-; Deposit-; Financial-Intermediary; Inflation-; M1-; M2-; Monetary-; Reserves-; Demand-for-Money (E410)