Abstract: In this paper, we study the effect of conventional interest rate policy, quantitative easing and the reserve accounts' interest rate on the money stock in an industrial-organization model of the banking industry with money creation.? Our main findings are as follows. First, under a plausible setting of the parameters, the model with money creation supports the liquidity puzzle, in which tight monetary policy increases the money stock.? Second, quantitative monetary easing has a similar effect.? Third, the negative interest rate policy on reserves has a negative effect on the money stock.