

Banking History Basics

History Of Finance · Answer Key · 12 Questions

1. What was the primary function of the earliest banks in ancient Mesopotamia?

- A) Issuing credit cards
- B) Storing grain and precious metals**
- C) Selling insurance policies
- D) Managing stock markets

2. In which country did the first official government-issued paper currency appear?

- A) France
- B) Italy
- C) China**
- D) Egypt

3. What is the term for a system where people trade goods directly for other goods without using money?

- A) Barter**
- B) Investment
- C) Inflation
- D) Lending

4. During the Middle Ages, what group of people were often the first to set up money-lending businesses in public squares?

- A) Sailors
- B) Farmers
- C) Goldsmiths**
- D) Doctors

5. What was the main purpose of the first central banks established in Europe?

- A) To fund wars and manage national debt**
- B) To provide free loans to students
- C) To design new coins for collectors
- D) To regulate internet shopping

6. Which precious metal was historically used most frequently to create coins due to its durability and value?

- A) Iron
- B) Lead
- C) Gold**
- D) Aluminum

7. What is the name of the organization that oversees a country's currency and money supply?

A) A local supermarket

B) A central bank

C) A private toy store

D) A village library

8. Before modern banking, where did people often hide their valuable coins to keep them safe?

A) Under their beds

B) In bank vaults

C) In public parks

D) At the post office

9. What innovation allowed merchants to carry a piece of paper representing money instead of heavy bags of metal coins?

A) A credit card

B) A cheque or bill of exchange

C) A smartphone app

D) A digital wallet

10. The Medici family was famous for establishing one of the earliest banking systems in which country?

A) Italy

B) Australia

C) Japan

D) Canada

11. What is a 'deposit' in the context of banking?

A) Taking money out

B) Spending money at a shop

C) Putting money into an account

D) Borrowing money for a house

12. What is the primary reason banks charge interest on loans?

A) To pay for the bank's staff and operating costs

B) To discourage people from buying houses

C) To make school history tests harder

D) To store extra metal in the basement