

# Foundations of Banking History

Banking History · Answer Key · 18 Questions

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**1. What ancient civilization is credited with some of the earliest forms of banking, involving loans and deposits?**

- A) Ancient Greece
- B) Ancient Rome
- C) Ancient Mesopotamia**
- D) Ancient Egypt

**2. The first modern banks, as we understand them today, primarily emerged in which historical period?**

- A) The Middle Ages
- B) The Renaissance**
- C) The Enlightenment
- D) The Industrial Revolution

**3. Which European city is often associated with the development of early banking practices, including the use of bills of exchange?**

- A) London
- B) Paris
- C) Florence**
- D) Amsterdam

**4. What significant development in the 17th century facilitated the growth of banking by allowing for the issuance of paper money?**

- A) The invention of the printing press
- B) The establishment of central banks**
- C) The creation of credit cards
- D) The rise of stock markets

**5. The Bank of England, established in 1694, was initially created to fund what?**

- A) Private businesses
- B) Infrastructure projects
- C) Government debt**
- D) Royal family expenses

**6. What was a primary function of early 'goldsmiths' in banking history?**

- A) Minting coins
- B) Providing loans against collateral
- C) Issuing banknotes
- D) All of the above**

7. The concept of a 'central bank' primarily aims to perform which of these functions?

**A) Manage a nation's currency and monetary policy**

B) Provide individual customer accounts

C) Offer international money transfers

D) Fund independent businesses

8. The establishment of the first stock exchange, which also facilitated financial transactions, occurred in which city?

A) Venice

B) Antwerp

**C) Amsterdam**

D) Lisbon

9. What role did the 'Cheque' or 'Check' play in the evolution of banking?

A) It was the first form of digital currency

**B) It allowed for the transfer of funds without physical cash**

C) It was primarily used for international trade only

D) It led to the demise of coins

10. The term 'bank' is derived from the Italian word 'banco', meaning what?

A) Money

B) Vault

**C) Counter or bench**

D) Exchange

11. During the early development of banking, what was a common reason for depositing money with goldsmiths or early bankers?

A) To earn interest on savings

**B) For safekeeping and security**

C) To obtain short-term loans

D) To invest in new businesses

12. The Medici family, prominent in Renaissance Florence, were renowned for their involvement in what industry?

A) Textiles

**B) Banking and finance**

C) Art patronage

D) Exploration

**13. What major historical event led to the widespread adoption of paper money in many countries?**

- A) The Black Death
- B) The French Revolution
- C) World War I**
- D) The invention of the internet

**14. The creation of the first chartered bank in the United States, the Bank of North America, occurred in what year?**

- A) 1776
- B) 1781**
- C) 1791
- D) 1800

**15. What was a key innovation introduced by early Dutch banks, particularly in Amsterdam?**

- A) The invention of the ATM
- B) The development of joint-stock banking**
- C) The creation of credit scores
- D) The introduction of cryptocurrencies

**16. The development of the 'safeguarding' of assets in early banking was primarily driven by the need to protect against what?**

- A) Inflation
- B) Bank runs and theft**
- C) Interest rate fluctuations
- D) Economic recession

**17. What historical era saw the significant rise of merchant banks, which often financed international trade?**

- A) Ancient Rome
- B) The Medieval Period
- C) The Age of Exploration**
- D) The 20th Century

**18. The concept of 'interest' on loans, a fundamental aspect of banking, has roots stretching back to which ancient legal code?**

- A) The Ten Commandments
- B) The Magna Carta
- C) The Code of Hammurabi**
- D) The Napoleonic Code