The Evolution of Money and Banking

Banking History · Answer Key · 18 Questions

1. What was the primary method used to exchange goods before the invention of standardized currency?

A) Digital transfers
B) Barter system
C) Credit cards
D) Gold standard

2. Where were some of the earliest recorded banking activities, such as lending grain, conducted?

A) Ancient Mesopotamia
B) Industrial London
C) Colonial Australia
D) Modern New York

3. What object was used by the Lydians in the 7th century BCE as one of the first forms of official coinage?

A) Paper notes
B) Bronze shells
C) Metal tokens
D) Stamped gold and silver

4. In medieval Italy, what word was used to describe the bench where money changers conducted their business?

A) Banco
B) Table
C) Counter
D) Bureau

5. What institution, established in 1694, is often cited as the model for modern central banks?

A) Bank of China
B) Bank of England
C) Reserve Bank of Australia
D) Federal Reserve

6. Before paper money became common, what precious metals were most frequently used to make coins?

A) Iron and lead
B) Gold and silver
C) Aluminum and copper
D) Steel and zinc

7. What is the term for a system where paper money can be exchanged for a specific amount of gold?

A) The Gold Standard
B) The Silver Rule
C) The Credit System
D) The Digital Age

8. What was the primary purpose of early goldsmiths who operated as banks in 17th-century London?

A) Printing books
B) Storing valuables for safety
C) Selling jewelry only
D) Collecting taxes

9. What type of currency has no intrinsic value of its own but is established as money by government regulation?

A) Commodity money
B) Fiat money
C) Barter items
D) Representative money

10. Which invention significantly increased the speed and accuracy of bank record-keeping in the 20th century?

A) The abacus
B) The printing press
C) The electronic computer
D) The steam engine

11. What was the 'Great Depression' in the 1930s known for regarding the banking industry?

A) A surplus of gold
B) Widespread bank failures
C) The invention of the credit card
D) The rise of internet banking

12. What is a 'ledger' in the context of banking history?

A) A type of coin

B) A book used to record financial transactions

C) A vault for gold

D) A government tax form

13. In early history, which group of people was frequently responsible for money changing at temples?

A) Soldiers

B) Priests

C) Farmers

D) Sailors

14. What did early banks issue to depositors to prove that they had stored gold with the banker?

A) Credit cards

B) Paper receipts

C) Digital codes

D) Stocks

15. What modern banking feature allows customers to access their money through an automated machine?

A) Teller service

B) ATM

C) Bartering

D) Postal delivery

16. Which metal was used in the first mass-produced coins in Ancient China?

A) Bronze

B) Platinum

C) Nickel

D) Titanium

17. What is the main role of a 'Central Bank' in a country?

A) To manage the national currency and interest rates

B) To sell groceries

C) To build houses

D) To provide free loans to everyone

18. Why did paper money eventually replace heavy metal coins for large transactions?

A) It was easier to transport and carry

B) It never wears out

C) It is made of rare crystals

D) It is worth more than gold