Evolution of Global Banking Systems

Banking History · Answer Key · 12 Questions

1. Which institution, established in 1694, is widely regarded as the first modern central bank?

A) The Bank of France
B) The Bank of England
C) The Federal Reserve
D) The Bank of Amsterdam

2. The 'Gold Standard' was a monetary system where the value of a currency was directly linked to a specific amount of which metal?

A) Silver
B) Platinum
C) Gold
D) Copper

3. During the Great Depression, which U.S. act was passed in 1933 to separate commercial banking from investment banking?

A) Glass-Steagall Act
B) Dodd-Frank Act
C) Sarbanes-Oxley Act
D) Bretton Woods Act

4. What was the primary function of the Medici Bank, established in 1397 in Florence, Italy?

A) Issuing government bonds
B) Facilitating international trade and currency exchange
C) Providing personal loans to local farmers
D) Regulating the price of gold

5. The Bretton Woods Agreement of 1944 resulted in the creation of which two major international financial institutions?

A) The WTO and the UN
B) The IMF and the World Bank
C) The G7 and the G20
D) The ECB and the Federal Reserve

6. Before the advent of modern paper currency, what did the earliest Mesopotamian 'banks' primarily store and lend?

A) Salt
B) Grain
C) Silk
D) Spices

7. What is the historical significance of the 'Bill of Exchange' used by medieval merchants?

A) It allowed for the transfer of funds without physical transport of coins
B) It was the first form of electronic credit
C) It served as a legal death warrant for debtors
D) It was a government-issued coin

8. The concept of 'fractional reserve banking' allows banks to:

A) Print their own currency
B) Lend out a portion of the deposits they hold
C) Charge 0% interest on all loans
D) Avoid all government regulation

9. Which country is credited with the invention of the first official government-issued paper money during the Tang Dynasty?

A) Japan
B) India
C) China
D) Korea

10. In 1913, the Federal Reserve System was created in the United States to address what specific issue?

A) The end of the gold standard
B) Frequent financial panics and the lack of a flexible currency
C) The need for international trade tariffs
D) The rise of cryptocurrency

11. What was the 'Avoirdupois' system originally used for in banking history?

A) Measuring weights of precious metals for coinage
B) Calculating interest rates on trade routes
C) Determining tax levels for landowners
D) Recording debt in a ledger

12. The first stock exchange in the world was established in 1602 in which city?

A) London

B) New York

C) Amsterdam

D) Venice