

Evolution of Global Banking Systems

Banking History · Practice Test · 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