Deep Dive into Banking History

Banking History · Practice Test · 12 Questions

1. Which ancient civilization is credited with the earliest forms of money lending, often conducted in temples which served as proto-banks?

A) Ancient Greece
B) Roman Empire
C) Mesopotamia
D) Ancient Egypt

2. The Bank of Venice, established in 1584, was the first public bank in Europe to perform which crucial function that differentiated it from earlier private deposit banks?

A) Issuing its own paper currency
B) Underwriting government debt
C) Accepting deposits and facilitating transfers
D) Providing loans secured by real estate

3. The establishment of the Bank of England in 1694 was primarily motivated by the need to finance which major conflict?

A) The Napoleonic Wars
B) The Thirty Years' War
C) The War of the Spanish Succession
D) The Nine Years' War

4. What was the principal commodity that formed the basis of the commodity money system in early colonial America, influencing early banking practices?

A) Silver
B) Tobacco
C) Gold
D) Grain

5. The establishment of the First Bank of the United States in 1791 was largely championed by which prominent Federalist figure?

A) Thomas Jefferson
B) John Adams
C) Alexander Hamilton
D) James Madison

6. Which banking crisis in the United States in the 19th century led to widespread bank runs and a significant contraction of credit, prompting calls for reform?

A) The Panic of 1837
B) The Panic of 1873
C) The Panic of 1907
D) The Great Depression

7. The Bretton Woods Agreement of 1944 established a new international monetary system. What was the primary reserve currency under this system?

A) British Pound Sterling
B) Japanese Yen
C) German Mark
D) United States Dollar

8. What was the primary purpose of the Glass-Steagall Act of 1933, enacted in the United States during the Great Depression?

A) To regulate the stock market
B) To establish the Federal Deposit Insurance Corporation (FDIC)
C) To separate commercial and investment banking
D) To create the Federal Reserve System

9. The development of the Eurodollar market, largely outside the direct regulatory purview of the United States, began in earnest following the imposition of which US policy?

A) The Bretton Woods collapse
B) Capital controls on foreign investment
C) The gold standard repeal
D) Interest rate ceilings on domestic deposits

10. Which major financial innovation in the 1960s and 1970s significantly increased the liquidity and global reach of the banking system, often leading to greater interconnectedness?

A) The introduction of ATMs
B) The development of securitization
C) The creation of credit cards
D) The advent of online banking

11. The collapse of which investment bank in 2008 is widely considered a pivotal moment in the global financial crisis, triggering widespread market panic?

A) Bear Stearns
B) Merrill Lynch
C) Lehman Brothers
D) Goldman Sachs

12. What significant shift in banking regulation occurred in many countries during the 1980s and 1990s, often referred to as 'financial liberalization'?

A) Increased government intervention and nationalization
B) Strengthening of capital controls
C) Deregulation and reduced oversight
D) Centralization of banking power