


First American Bank : Credit Default Swap

American Banking Before The Civil War

Bank: an institution for receiving, keeping, and lending money

National Bank: a bank chartered, or licensed, by the national government

Bank Run: widespread panic in which great numbers of people try to withdraw their paper money.



Chaos in American banking and The 2nd Bank of the US

Once the Bank's charter expired, state banks were without a any kind of supervision or regulation, financial conditions worsened.

To stabilize this financial chaos, Congress chartered the 2nd Bank of the US in 1816.

The fall of the 2nd bank caused a number of state-chartered banks nearly wiped which caused several problems in price:

1. Banks open and banks
2. Many of them collapsed
3. 10,000 banks
4. Panic



Banking in the Early Twentieth Century:

Federal Reserve System: the nation's central banking system

Central Bank: bank that can lend to other banks in times of need

Member Bank: bank that belongs to the Federal Reserve System

Federal Reserve note: the national currency we use today in the US

Great Depression: the severe economic decline that began in 1929 and lasted for more than a decade.

Federal Deposit Insurance Corporation (FDIC): the government agency that insures customer deposits if a bank fails.

Reforms & Recent Trends

In 1933, Congress passed the Federal Deposit Insurance, Recovery, and Enforcement Act (FDICRA). This act generally is held for the independence of the FDIC and its regulatory and consumer protection responsibilities in the FDIC.

In 1993, in wake of the most sweeping legislative reform the Fed's Department, Congress passed the 1993 Clean-String Act.

This action paved the way for banks to sell financial assets from the country and banks while maintaining new primary rules for customer data.

In addition, the 1993 and 2008 laws a growing trend toward the mergers.



The First Bank of the US

In 1791, Congress set up the Bank of the US, granting it a 20-year charter.

The US Treasury used the bank for the following purposes:

- to hold the money that the government of local taxes
- to help the government carry out its projects to tax, borrow money in the public domain, and regulate interstate and foreign commerce
- to issue representative money in the form of bank notes, which were backed by gold and silver
- to ensure that state-chartered banks held sufficient gold and silver to exchange for bank notes should the demand arise

The Late 1800s

Greenbacks: paper currency issued during the Civil War

Gold Standard: a monetary system in which paper money and other assets equal in the value to a certain amount of gold

With the Civil War ending, the federal government was under pressure to bring confidence in paper currency. Issues in the National Banking Act of 1863 and 1864.

Together, these acts gave the federal government 3 important powers:

1. The power to charter banks
2. The power to require banks to hold adequate gold and silver reserves to cover their bank notes
3. The power to issue single national currency


Banking in the Later Twentieth Century:

By the 1970s, banks were subject to the Fed from federal regulations, but in late 1970s and early 1980s, Congress passed laws to deregulate some of activities.

People are in the control of where the government spends their money. Unfortunately, the federal credit card is a major cause of both crime on the street and 7 more 100.0

Causes of the 1970s:

1. Deregulation
2. High interest rates
3. Fuel Crisis
4. Inflation




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The fall of the 2nd bank caused a number of state-chartered banks nearly wiped which caused several problems in price:

1. Banks open and banks
2. Many of them collapsed
3. Millions banks
4. Panic



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Banking in the Later Twentieth Century:

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People are in the demand of more services of government and other services. Furthermore, the financial institutions are in the state of both growth or shrinkage and 7 new FDIC's.

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Chaos in American banking and The 2nd Bank of the US

Once the Bank's charter expired, state banks went without any kind of supervision or regulation, financial confusion resulted.

To eliminate this financial chaos, Congress chartered the 2nd Bank of the US in 1816.

The fall of the 2nd bank caused a number of state-chartered banks nearly tripled which caused several problems to arise:

1. Bank runs and panics
2. Many different currencies
3. Wildcat banks
4. Fraud



The Later 1800s

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Gold Standard: a monetary system in which paper money and coins are equal to the value of a certain amount of gold

With the Civil War raging, the federal government enacted reforms aimed at restoring confidence in paper currency known as the National Banking Acts of 1863 and 1864.

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