

# History of Banking in the United States


## Banking and Credit in the U.S.

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Let's take a look at some of the significant developments in banking and credit from the 1700s to today's banking system.

Select any of the circles on the timeline below to read more about each event.



18th and 19th Centuries    20th Century - Transition to Industrial Economy    21st Century

### ***Event Text***

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## 18th and 19th Centuries

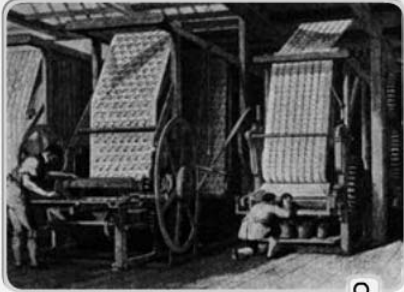
### Transition to Industrial Economy

History of Banking in the United States

#### Transition to Industrial Economy

The Industrial Revolution had great impact on economic activity in the United States including:

- an economic shift from bartering and trading to exchange of currency for goods and services
- individuals moved from being self-supporting to working for others
- increased use of money allowed for purchases and the initiation of consumer credit, as well as seasonal bank loans for farmers



Bank interest rates were high during this period.

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# 1791

The image shows a digital interface titled "History of Banking in the United States". It features a central text box for the year 1791, which is highlighted on a timeline below. The timeline is divided into three colored segments: green for "18th and 19th Centuries", red for "20th Century - Transition to Industrial Economy", and blue for "21st Century". The year 1791 is marked with a white callout box above the green segment. The text box contains the following text:

1791

The First Bank of the United States was established in 1791, and its purpose was to address the financial needs and requirements of the new government. Previously, these functions had been performed by different banks in each of the thirteen individual states.

## ***Event Text***

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## 1816

The screenshot shows a digital interface for a history timeline. At the top, a black header bar contains the text "History of Banking in the United States" in white. Below this is a light gray window with a title bar that says "1816" and navigation arrows. The main content area of the window contains the text: "The Second Bank of the United States was established to replace the original. Like the First Bank, it was also chartered for 20 years and also failed to have its charter renewed." Below the window is a horizontal timeline bar with three segments: a green segment for "18th and 19th Centuries", a red segment for "20th Century - Transition to Industrial Economy", and a blue segment for "21st Century". A white callout box with the year "1816" is positioned above the timeline, pointing to a specific point in the 19th-century segment.

### ***Event Text***

The Second Bank of the United States was established to replace the original. Like the First Bank, it was also chartered for 20 years and also failed to have its charter renewed.

## 20th Century - Transition to Industrial Economy

### From Agriculture to Industry

The image shows a screenshot of a presentation window. The main title bar reads "History of Banking in the United States". Below it, a sub-window titled "From Agriculture to Industry" contains the following text: "During the 20th century, the U.S. economy transitioned from one based on agriculture to one based on industry. Banks helped facilitate this process by expanding credit as people's purchasing power grew." At the bottom of the window is a navigation bar with three colored segments: a green segment for "18th and 19th Centuries", a red segment for "20th Century - Transition to Industrial Economy", and a blue segment for "21st Century". A white callout box with the text "From Agriculture to Industry" is positioned over the red segment of the navigation bar.

#### ***Event Text***

During the 20th century, the U.S. economy transitioned from one based on agriculture to one based on industry. Banks helped facilitate this process by expanding credit as people's purchasing power grew.

## Panic of 1907

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The Panic of 1907 started with a fall in the stock market and ended with runs on banks, many of which went bankrupt. This event was a primary impetus for the U.S. government to establish the Federal Reserve Bank and many of the reforms which help safeguard our money in banks.

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## 1913 - Federal Reserve System established

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In 1913, the U.S. government established the Federal Reserve System as the central banking system for the country. Its current roles are to:

- conduct the nation's monetary policy
- supervise and regulate banking institutions
- maintain the stability of the financial system
- provide financial services to depository institutions, the U.S. government, and foreign official institutions

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# World War I

The screenshot shows a digital interface with a title bar 'History of Banking in the United States'. Below the title bar is a window titled 'World War I' with navigation arrows. The main content area contains the text: 'During World War I, the U.S. borrowed large sums of money to fund the war.' To the right of the text is a large, empty rectangular box with a magnifying glass icon in the bottom right corner. At the bottom of the window is a horizontal timeline with three segments: '18th and 19th Centuries' (green), '20th Century - Transition to Industrial Economy' (red), and '21st Century' (blue). A white callout box labeled 'World War I' is positioned above the timeline, pointing to a red circle within the 20th-century segment.

## ***Event Text***

During World War I, the U.S. borrowed large sums of money to fund the war.



## 1920s-80s Personal Credit Grows

The image shows a digital interface for a history timeline. At the top, a black bar contains the text "History of Banking in the United States". Below this is a white box with a title "1920s-80s Personal Credit Grows" and a text area containing the sentence: "Banks started extending more credit services to individuals starting in the 1920s through the 1980s until it was available to most Americans." At the bottom, a horizontal timeline is displayed with three segments: "18th and 19th Centuries" (green), "20th Century - Transition to Industrial Economy" (red), and "21st Century" (blue). A white callout box with a downward arrow points to the red segment, containing the text "1920s-80s Personal Credit Grows".

### ***Event Text***

Banks started extending more credit services to individuals starting in the 1920s through the 1980s until it was available to most Americans.

## 1929 - Stock Market Crash

The screenshot shows a digital interface with a blue border. At the top, a black bar contains the text "History of Banking in the United States" with a small blue square icon on the right. Below this is a white window titled "1929 - Stock Market Crash" with navigation arrows. The main content area contains the following text: "The Stock Market Crash of 1929 was the biggest drop in the value of stocks in the history of United States. One of the main causes was speculation by banks and other individuals who invested in the market with borrowed money. This crash signaled the beginning of the Great Depression." To the right of the text is a large, empty rectangular area with a magnifying glass icon at the bottom right. At the bottom of the window is a horizontal timeline with three segments: "18th and 19th Centuries" (green), "20th Century - Transition to Industrial Economy" (red), and "21st Century" (blue). A white callout box labeled "1929 - Stock Market Crash" is positioned above the timeline, with a white arrow pointing to the 1929 mark on the red segment.

### ***Event Text***

The Stock Market Crash of 1929 was the biggest drop in the value of stocks in the history of United States. One of the main causes was speculation by banks and other individuals who invested in the market with borrowed money. This crash signaled the beginning of the Great Depression.

## 1930s - Great Depression

The screenshot shows a digital interface for a history timeline. At the top, a black bar contains the title "History of Banking in the United States" in white text. Below this is a white window titled "1930s - Great Depression" with navigation arrows. The main content area contains a text block on the left and a large empty rectangular box on the right. The text block reads: "The Great Depression lasted throughout the entire 1930s as the economy slumped and huge numbers of people were unemployed. Since many people lost a lot of money by borrowing and investing during the 1920s, they distrusted credit and investment as a result of the depression. The depression ended with the industrial build up required to fight World War II." Below the text is a horizontal timeline bar with three segments: "18th and 19th Centuries" (green), "20th Century - Transition to Industrial Economy" (red), and "21st Century" (blue). A white callout box labeled "1930s - Great Depression" is positioned above the red segment, with a white arrow pointing to a specific point on the timeline.

History of Banking in the United States

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### ***Event Text***

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## 1940s-1960s

The screenshot shows a digital interface for a history timeline. At the top, a black header bar contains the text "History of Banking in the United States" with a small square icon on the right. Below this is a white panel with a light blue border. The panel has a title "1940s-1960s" in the top left and two navigation arrows (left and right) in the top right. The main content area contains the text: "The period from World War II up through the 1960s saw a great period of prosperity in the United States brought on in part by stable rates of inflation and low interest rates." Below the text is a horizontal timeline bar with three segments: a green segment labeled "18th and 19th Centuries", a red segment labeled "20th Century - Transition to Industrial Economy", and a blue segment labeled "21st Century". A white callout box with a downward arrow points to the red segment, containing the text "1940s-1960s".

### ***Event Text***

The period from World War II up through the 1960s saw a great period of prosperity in the United States brought on in part by stable rates of inflation and low interest rates.

## 1970s

The screenshot shows a digital interface for a history timeline. At the top, a black bar contains the title "History of Banking in the United States" in white text. Below this, a white box with a light blue border is titled "1970s" and contains two paragraphs of text. At the bottom of the interface is a horizontal timeline bar with three colored segments: green for "18th and 19th Centuries", red for "20th Century - Transition to Industrial Economy", and blue for "21st Century". A white callout box labeled "1970s" is positioned above the red segment, pointing to a specific point on the timeline.

History of Banking in the United States

1970s

The stable period of growth following World War II ended in the 1970s. Rapid economic growth resulted in a high rate of inflation, and too much spending was fueled by credit.

As a result of some of these excesses, Congress passed consumer credit protection legislation. In addition, agencies and businesses began offering credit counseling services to consumers in order to help them better manage their credit, or fix their bad credit.

18th and 19th Centuries    20th Century - Transition to Industrial Economy    21st Century

### ***Event Text***

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As a result of some of these excesses, Congress passed consumer credit protection legislation. In addition, agencies and businesses began offering credit counseling services to consumers in order to help them better manage their credit, or fix their bad credit.

## 1990s

The screenshot shows a digital interface for a history timeline. At the top, a black header bar contains the text "History of Banking in the United States" in white. Below this is a white content area with a title "1990s" and navigation arrows. The main text reads: "During the 1990s, businesses in many different industries expanded the use of credit as a major marketing tool. The stock market made major gains, especially toward the end of the decade. This period saw the longest peace time expansion of the economy in the history of the U.S." To the right of the text is a large, empty rectangular box with a magnifying glass icon in the bottom right corner. At the bottom of the interface is a horizontal timeline bar with three segments: "18th and 19th Centuries" (green), "20th Century - Transition to Industrial Economy" (red), and "21st Century" (blue). A white callout box labeled "1990s" is positioned above the red segment, pointing to a specific point on the timeline.

### ***Event Text***

During the 1990s, businesses in many different industries expanded the use of credit as a major marketing tool. The stock market made major gains, especially toward the end of the decade. This period saw the longest peace time expansion of the economy in the history of the U.S.

## 21st Century

### September 11, 2001

The screenshot shows a software interface for a history timeline. At the top, a black header bar contains the text "History of Banking in the United States" in white. Below this is a white content area with a light blue border. The content area has a title "September 11, 2001" and two navigation arrows (left and right). The main text in the content area reads: "Terrorist attacks on the World Trade Center, the Pentagon, and Pennsylvania led to major stock market losses. Threats of further terrorism continue to influence the financial markets." At the bottom of the content area is a horizontal timeline bar. The bar is divided into three sections: a green section on the left labeled "18th and 19th Centuries", a red section in the middle labeled "20th Century - Transition to Industrial Economy", and a blue section on the right labeled "21st Century". A white tooltip box with a downward arrow points to the "September 11, 2001" event on the timeline bar.

#### ***Event Text***

Terrorist attacks on the World Trade Center, the Pentagon, and Pennsylvania led to major stock market losses. Threats of further terrorism continue to influence the financial markets.

## 2007

The screenshot shows a digital interface for a history timeline. At the top, a black header bar contains the text "History of Banking in the United States" in white. Below this is a white content area with a grey border, titled "2007" in the top left corner. The text inside reads: "The latter part of the first decade was marked by a significant economic recession that resulted in failed banks, foreclosures, and high unemployment. This recession started in December 2007 and has had world-wide impacts." In the bottom right corner of the content area, there is a small white box with the year "2007" and a downward-pointing arrow. At the bottom of the interface is a horizontal timeline bar with three segments: a green segment labeled "18th and 19th Centuries", a red segment labeled "20th Century - Transition to Industrial Economy", and a blue segment labeled "21st Century". The "2007" label is positioned above the blue segment.

### ***Event Text***

The latter part of the first decade was marked by a significant economic recession that resulted in failed banks, foreclosures, and high unemployment. This recession started in December 2007 and has had world-wide impacts.