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Chapter 1 : Bank Note Series - Bank of Canada

A Brief Historical Sketch Of Canadian Banking And Currency The Laws Relating Thereto Since Confederation And A Comparison With British And American Systems Classic.

The following is a timeline of Canadian currency from the s to now. The word "dollar" gets its origins from the German word thaler, the name given to a silver coin first minted in Bohemia in Beaver pelts are the one universally accepted medium of exchange, though wheat and moose skins are also legal tender Story continues below advertisement Mid s: Wampum, or strings and belts made from shell beads, becomes legal tender in colonial New England. Eight white beads or four purple beads buy one penny. The first issue of card money occurs, which is printed on playing cards. The lack of a standard currency and the differences in ratings given to the many coins in circulation in the colonies, "undoubtedly hindered trade and was a major source of economic inefficiency. The Montreal Bank subsequently the Bank of Montreal issued the first bank notes in Canada after its establishment in Other banks soon followed suit. The notes were well received and became the main means of payment in British North America. The Dominion of Canada is under the gold standard. The value of the Canadian dollar was fixed in terms of gold and valued at par with the U. The greenback sinks to less than 36 cents Canadian , an all-time peak for the Canadian dollar, from close to parity in early It subsequently recovers through the decade and the currencies trade around par until the outbreak of the First World War. Story continues below advertisement Story continues below advertisement Mid The federal government cancels fixed parity, putting it at odds with the International Monetary Fund, and the Canadian currency appreciates. The government establishes a new par for the Canadian dollar, fixing it at The government floats the Canadian dollar amid a growing budget surplus and rising inflation. By , the currency slides to 84 cents U. Story continues below advertisement August, By , the dollar traded below 77 cents U. The Canadian dollar hits a record low of The currency rebounds somewhat to close the decade at 86 cents U. The currency weakens again, closing the decade at Inflation and interest rates fall and commodity prices soften. The international crisis in emerging markets such as Russia and Latin America causes the dollar to slide as low as The currency hits a record low of The loonie tops 90 cents U. It then weakens for much of the rest of the year. The loonie takes flight again. On May 31, it topped 94 cents U. Later that year it hit parity in September. The loonie continued to trade near parity until it dipped below that level on July 21, The Canadian dollar closed at a recent low of 76 cents U. The loonie touches parity for the first time in 20 months on April 6,

Chapter 2 : Hong Kong Dollar - About, History

Historical and Political Science Association of Toronto University. The object sought, was to give a few of the students of the University, interested in political economy, a general idea of the nature of banking, and, in particular, of Canadian banking and currency.

By only a small margin, Congress agreed to charter the Second Bank of the U. In Andrew Jackson was elected president. Jackson was a notorious foe of the central bank and vowed to destroy it. Banks began issuing their own money notes that could be redeemed in gold or coins, and offered demand deposits to enhance commerce. This caused a big jump in the volume of check transactions. Abraham Lincoln signed what was originally known as the National Currency Act, which for the first time in American history established the federal dollar as the sole currency of the United States. Having everyone on the same currency provided for nationally chartered banks, whose circulating notes had to be backed by U. There was an amendment to the act, which required taxation on state bank notes but not national bank notes, which effectively created a uniform currency for the nation. Even though they were being taxed on their notes, state banks continued to flourish in light of the increasing popularity of demand deposits, which, as we told you, took hold during the Free Banking Era. Financial Freak Outs While there was a little bit of currency stability for our rapidly growing country, thanks to the National Banking Act of , bank runs and financial panics were far from a thing of the past, and perpetually plagued the economy. These bank panics were so universal that they made their way into mainstream popular culture. In , a bank panic triggered the worst depression the United States had ever seen. The economy only stabilized after hot-shot financial mogul J. The Broadway melodrama The War of Wealth was inspired by the bank panic of An Abysmal Year Saying that was a very bad year for the stock market could be the understatement of the century. What started as a bout of speculation on Wall Street ended in utter failure, triggering a particularly severe banking panic. Morgan was called upon to save the American people and avert disaster. We mentioned that, by this time, most Americans were fed up with the banking system jerking them and their savings around. Everyone agreed that the current system desperately needed some kind of reform, but the structure of that reform deeply divided American citizens between conservatives and progressives. The one thing they could agree on was that a central banking authority was needed to ensure a healthy banking system and provide for an elastic currency. A Decentralized Central Bank An immediate response to the panic of was the Aldrich-Vreeland Act of , which would provide for emergency currency issue during crises. Lead by Senator Nelson Aldrich, the commission developed a banker-controlled plan. Progressives like William Jennings Bryan strongly opposed; they wanted a central bank under public control. Alas, the election of Democrat Woodrow Wilson in effectively killed the Republican Aldrich plan, but the stage was set for a decentralized central bank to emerge. Creating the Federal Reserve Act Woodrow Wilson was a far cry from a finance and banking expert, so he wisely sought out expert advice from Virginia Representative and soon-to-be chairman of the House Committee on Banking and Finance, Carter Glass, and H. Parker Willis, a former professor of economics at Washington and Lee University. Carter Glass left and Rep. Steagall, the co-sponsors of the Glass-Steagall Act. The Glass-Willis proposal was intensely debated and modified from December of to December of Many saw this Act as a classic example of compromiseâ€"a decentralized central bank that worked to balance the two competing interests of private banks and what the American people wanted. It was these three men who had the daunting and unenviable task of building a functioning institution around the brass tacks of the new law before the new central bank could begin operating. However, come November 16, , 12 cities had been chosen as sites for regional Reserve Banks, and they were open for business. The bigger impact in the U. This allowed the United States to indirectly help finance the war and aid the flow of trade goods to Europe. That is until , when the United States officially declared war on Germany and financing our own war effort became priority number one. Strong started to buy up a large amount of government securities in an effort to stem a recession in To a lot of people, this was a clear indication of the influential power of open market operations on the availability of credit in the banking system. It was during the s that the Fed started using open market operations as a tool for monetary policy. The Crash and the Depression All throughout the s, Carter Glass warned the general public that stock market speculation would lead to dire consequences. But did they listen? In October , he had the displeasure of being right when his predictions proved to be spot-on and the stock market crashed. What followed was the worst depression in American history. People were angry with the Fed, and blamed them for failing to diminish the speculative lending that led to the crash in the first place. Others argued that a fundamentally inadequate understanding of economics and monetary policy prevented the Fed from going after policies that could have arguably lessened the depth and effects of the Depression. The Aftermath After the Great Depression, Congress passed the Banking Act of or the Glass-Steagall Act which separated commercial and investment banking, and required government securities to be used as collateral for Federal Reserve notes. This practice proved to have major future impacts when holding companies became a prevalent structure for banks. Along with all the other massive reforms taking place left and right, Roosevelt went ahead and recalled each and every gold and silver certificate, effectively ending gold and other metallic standards. In , The Fed was named the regulator of bank holding companies owning more than one bank with the passing of the Bank Holding Company Act. In the Humphrey-Hawkins Act required that the Fed chairman report to Congress twice a year on monetary policy goals and objectives. The Treasury Accord After the U. This was at the request of the Treasury so the federal government could participate in cheaper debt financing of the war. To maintain the pegged rate, the Fed was forced to give up control of the size of its portfolio as well as the money stock. Conflict between the Treasury and the Fed became obvious when the Treasury directed the Fed to maintain the peg after the start of the Korean War in Truman felt it was his duty to protect patriotic citizens by not lowering the value of the bonds that they had purchased during the war. The Federal Reserve, on the other hand, was focused on containing inflationary pressures in the economy, caused by the growing intensity of the Korean War. The Fed and the Treasury got into an intense debate for control over interest rates and U. They were only able to settle their dispute with an agreement known as the Treasury-Fed Accord. The Fed was no longer obligated to monetize the debt of the Treasury at a fixed rate, and the Accord became essential to the independence of central banking and the Fed pursues monetary policy today. Inflation, Deflation The s were on an inflation skyrocket to the moon as producer and consumer prices rose, oil prices surged, and the federal deficit more than doubled. Preparing for Financial Modernization The Monetary Control Act of marked the beginning of modern banking industry reforms. The Act required the Fed to competitively price its financial services against those of private sector providers, and to establish reserve requirements for all eligible financial institutions. After the Act was passed, interstate banking quickly increased, and banks started to offer interest-paying accounts to attract customers from brokerage firms. Change was chugging along quite steadily, and, in , the Gramm-Leach-Bliley Act was passed, essentially overturning the Glass-Steagall Act of and permitting banks to offer an array of financial services that were previously unavailable, including investment banking and insurance. So what does he do? On October 20, he ordered the Fed to issue a one-sentence statement before the start of trading: When a decade of economic expansion in the 90s came to a close in March , what followed was a short, shallow recession ending in November After the stock market bubble burst in in the early years of the decade, the Fed moved to lower interest rates rapidly. The Fed used monetary policy during this time on several occasions â€" including the Russian default on government securities and the credit crunch of the early 90s â€" in order to keep financial problems from negatively affecting the real economy. The hallmarks of the decade were generally declining inflation and the longest peacetime economic expansion in United States history. The Federal Reserve System is open and operating. The discount window is available to meet liquidity needs. In the following days and weeks, the Fed lowered interest rates and, in order to provide some semblance of stability to the U. In rare form, the Fed actually played a critical role in lessening the impact of the September 11 attacks on the American financial markets. The Fed played the pivotal role in dampening the effects of the September 11 attacks on U. Score one for the Fed! Changes in

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Discount Window Operation The Federal Reserve changed its discount window operations in in order to have rates at the window set above the prevailing Fed Funds rate, and to provide rationing of loans to banks through interest rates. Our Current Financial Crisis and the Response The American Dream of homeownership was realistically attainable for many more people during the early s, thanks to low mortgage rates and expanded access to credit. This increased demand for housing drove up prices, creating a housing boom that got a boost from increased securitization of mortgagesâ€"a process in which mortgages were bundled together into securities that were traded in financial markets. Securitization of riskier mortgages expanded rapidly, including subprime mortgages made to borrowers with poor credit records. House prices faltered in early and then began their steep tumble downward, head over feet, along with home sales and construction. With house prices falling left and right, some homeowners owed more on their mortgages than their homes were even worth. Starting with subprime and eventually spreading to prime mortgages, more and more homeowners fell behind on their payments. Delinquencies were on the rise, and lenders and investors alike finally got the wake up call that a lot of residential mortgages were not nearly as safe as everyone once believed. The mortgage meltdown surged on, and the magnitude of expected losses rose dramatically and spread across the globe, thanks to millions of U. This made it difficult to determine the value of loans and mortgage-related securities, and institutions became more and more hesitant to lend to each other. Lehman and Washington Mutual Fail The situation reached a fever-pitch crisis point in Fears about the financial health of other firms led to massive disruptions in the wholesale bank lending market, which caused rates on short-term loans to rise sharply relative to the overnight federal funds rate. Then, in the fall of , two large financial institutions failed: Since major financial institutions were extensively intertwined with each other, the failure of one could mean a domino effect of losses through the financial system, threatening many other institutions. Needless to say, everyone completely lost confidence in the financial sector, and the stock prices of financial institutions around the world plummeted. No one wanted anything to do with them. This credit crunch dealt a huge blow to household wealth, and people started cutting back on spending as they wondered what the hell they were going to do about their depleted savings. The snowballing continued as businesses canceled expansion plans and laid off workers, and the economy entered a recession in December In reality, the recession was pretty mild until the fall of hit and financial panic intensified, causing job losses to soar through the roof. This helped lower the cost of borrowing for households and businesses alike on mortgages and other loans. The Fed wanted to stimulate the economy and lower borrowing costs even further, so they turned to some pretty unconventional policy tools. So, what does that mean exactly? Well, these purchases by the Fed have worked to reduce interest rates on mortgages, making home purchases more affordable for everyday Americans. The Constitution only authorized the federal government to issue coins, not paper money.

Chapter 3 : A Timeline of United States Currency - The Daily Reckoning

A brief historical sketch of Canadian banking and currency: the laws relating thereto since Confederation and a comparison with British and American systems / by W.J. Robertson Robertson, W. J. (William John), b.

Chapter 4 : Banknote design and printing | CBN

BRIEF HISTORY OF THE CANADIAN DOLLAR 2 On April 24, the Canadian dollar reached $ (US). This was the high point for the dollar from when it entered its most recent ï¬, oat period and would not trade at these levels again for.

Chapter 5 : Historical Currency Converter | OANDA

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It examines historical evidence on how desirable bank notes were as media of exchange by examining how well they functioned with respect to ease of transacting, counterfeiting, safety, scarcity, and par exchange (a uniform currency).

Chapter 7 : Canadian Bank Notes and Dominion Notes: Lessons for Digital Currencies - Bank of Canada

The following is a timeline of Canadian currency from the s to now. The word "dollar" gets its origins from the German word thaler, the name given to a silver coin first minted in Bohemia in

Chapter 8 : Canada Chartered Banks Prime Lending Rate | | Data | Chart

1. Introduction. In an intelligent study of the Canadian banking system particular stress should be laid on the fact that the system has been evolved, not made; that it has grown up with the country, suffered with it, prospered with it and, since the Confederation, been the backbone of commerce and agriculture.

Chapter 9 : XE: æ•›ç®— USD/BSDç±³å›½ãƒ‰ãƒ« ã•‹ã‚‰ ãƒ•ãƒ•ãƒž ãƒ‰ãƒ«

The History of Currency Currency represents wealth, a means to an end, and much moreâ€"has undergone a long, storied evolution that can be traced back to the origins of human civilisation itself. The use of currency is intertwined with the history of money, which by its most common definition is a means of exchanging goods and services.