Banking: Past and Present

İsmail ÖZSOY[1]
Salavat SAYFULLIN[2]

Abstract
The paper presents the evolution of the banking through out history to modern days. The roots of banking reviewed and the changes are expressed. Reasons for bank evolution is presented and first banking operations are described. The difference between past and present is traced out.
Key-words: Banking, ancient banking, modern banking, deposits, loan.

Introduction

The financial system can be divided into two main categories that are direct and indirect funds transfers. The direct transfer of funds happens without aid of any financial intermediaries through financial markets, and commonly causes several difficulties for investors and savers as a result of asymmetric information. Conversely, the indirect transfer of funds is eliminating those difficulties, because between the investor and saver there are some institutions that are acting as agents for savers and investors. Those institutions are called financial intermediaries. The fundamental reason for the existence of financial intermediaries is to collect information on behalf of savers so that they will have not to incur direct and opportunity costs (Miller and VanHoose, 2004). Another key reason for the existence of financial intermediaries is "the reduction in average operating costs that can be achieved as a financial trader's scale of operations increases" (Miller and VanHoose, 2004) or so called economies of scale.

In the economy exist many types of financial intermediaries, but most prominent are finance company and commercial bank (intermediary that provides transferable deposit facilities). Finance companies raise funds primarily by issuing debt instruments in the credit markets consisting of commercial paper and bonds, with small percentages raised from bank borrowings and equity (FRBSF Economic Letter, "What's Different about Banks--Still№, 2001). These funds are used principally to finance consumer loans and business loans and, to a lesser extent, real estate loans. However, the majority of business lending is for equipment loans and leases for which specialized monitoring by finance companies is feasible. For example, many large firms, such as Caterpillar, operate their own captive finance company through which business loans are extended for the purchase or lease of equipment produced by the parent company.

Deposit-taking (see for deposit taking institutes Beck and Demirgüç-Kunt, 1999) institutions emerged because they could process private information at a lower cost than individuals. Given this comparative advantage in managing private information, deposit-taking institution could offer means of payment, both notes and deposits, and loans (Janson, 2002). Commercial banks play an important role in the financial system and the economy. As a key component of the financial system, banks allocate funds from savers to borrowers in an efficient manner. They

[1]Prof. Dr., International Black Sea University, Tbilisi, Gerogia, iozsoy@hotmail.com
[2]MA, International Black Sea University, Tbilisi, Gerogia, ssalavat@ibsu.edu.ge

provide specialized financial services, which reduce the cost of obtaining information about both savings and borrowing opportunities. These financial services help to make the overall economy more efficient ("What is the Economic Function of a Bank№ 2001, http://www.frbsf.org/education/activities/drecon/2001/0107.html, accessed 15.12.2004). Advances in IT have opened up market niches for competitors from unexpected places. Many firms, not just banks, can now use statistical models to evaluate risk efficiently, originate loans, transform them into marketable securities, and sell them to obtain funding to make more loans (Jordan and Katz, 1999). However it should be mentioned that these developments are not revolution of banking industry, but evolution. Banking did not changed from traditional banking to something new; rather it changed the ways used to operate.

In last decade we evidenced a lot of researches concerning the diminishing role of the banking (See Boyd and Gertler, 1994). It happened when banking industry faced sharp decline of share in financial system. The mutual funds, pension funds, and finance companies drove away part of shares of the banking due to its strict regulation and inability to challenge financial innovations. Some papers were investigating the probability of the society without banking, but with the financial markets to channel the funds from savers to borrowers (See for example Levine, 2002). However the time shows that banking will accompany the humanity forever in terms of the life style we are in. The technological advances in information processing, in means of access to the information faced the banks with the need to change the way services provided. The rapid development of cyber world puts the need for adjustments for the digital money that is quite and apparently new invention. Some observers at the time, projecting these developments, concluded that the bank of the future would hold virtually no assets, would require virtually no funding, and would have no branches. (Greenspan 2004)

Given the above, we find that many sources cite the banks as important key components of the financial system. Many sources give the history of banking evolution and development of the modern banking, and many discussions on the ways the banks will operate in the future. The banking is a business, and why this business gained an importance so that economy can't be without it. It is much regulated industry, and still bank failures occur perhaps not more often than other businesses, but these failures have big impact on the health of economy. The present study fills the gap by formulating the view on the banking evolution throughout history and giving the characteristics that lead to banking business importance.

Defining Banking

The WordNet defines banks as a financial institution that accepts deposits and channels the money into lending activities. The Webster's Revised Unabridged Dictionary (1913) defines the bank as French "banque", Italian "banca", original "bench", "table", "counter", of German origin, and akin to English bench; - an establishment for the custody, loan, exchange, or issue, of money, and for facilitating the transmission of funds by drafts or bills of exchange; an institution incorporated for performing one or more of such functions, or the stockholders (or their representatives, the directors), acting in their corporate capacity.

Sometimes the banks are called financial entities. This is true to some extent, because banks offer the products that are quite different from the products of manufacturing industry, these products are money, money transfers, etc.

Some study books define the banks in the same way. But several modern scientists define it differently. Some of them say that the bank institute which connects many acting businesses together, organizes their financial operations and itself involves into such operations in sake of its interests and with its own capital (Miller and VanHoose, 2004). Others describe the bank as the deposit holding entity, relatively liberated in ability to give commercial credits and to create checking deposits (Jukov, 1997).

Taking into account mentioned definitions and others not mentioned here the following definition can be derived. Banking is the organized form for the financial gain by performing many financial functions as depositing-safekeeping, serving required financial source, and keeping accounts and organizing payments of the economic units in the economy.

By the above definition banking activities can be separated to thee main functions:

- Depositing or safekeeping;
- Lending financial sources;
- Organizing payments of players of economy to each other;

Depositing or safekeeping in current research means placing valuables with the bank in order to benefit from its vaults for safekeeping and avoiding being robbed. Lending financial sources in current research means lending out valuable assets for defined or agreed period of time for interest return. Organizing payments of players of economy to each other in current research means settlement of the debt of the economic players to each other through bank.

Evolutionary Dynamics of Banking

The ancient developed civilizations always engaged in trade with neighboring countries. The commerce probably was one of the profitable areas to engage except for wars. The commerce with other countries of course leads to emerge and develop the ways of payment. For instance the money species of trading countries were different and need for money changers is essential. Money changers acted as specialists in exchanging money from one species to other, and by the process of exchange the quality of the money was set. Money changers resemble modern money exchange places (generally it is done by the banks) where the exchange rates are set according to the market. Main difference of ancient money changing operations from modern money changing operations is that today we have "fiat" money that is standardized and contains "zero" of valuable metals. In ancient world, money means were made mainly from the gold and silver. The purity of the gold and the silver in the money species defined their value against the other money species. Thus money changers specialized in money changing and valuing the money species.

Secondly, the commerce should be financed in order to equip the caravan and pay for the owner of the transportation mean. The money lenders appeared on the scene. Generally it was wealthy people who generated money by saving. They lend money in order to enrich more. In the ancient world, and in medieval and pre-modern Europe, most of these institutions were forms of "money lending proper," in which owners loaned out their own saved money.

Thirdly, it was dangerous to keep the money species and bullions of gold and silver at home because of the theft and robbery, far better to keep the savings in a safe place. So, wealthy people started to keep their savings with temples. Similarly, holders of gold coin found the metal often heavy and inconvenient to carry, and needed a place for safekeeping. These deposit banks functioned very much as safe-deposit boxes do today: as safe "money warehouses." As in the case of any warehouse, the depositor placed his goods on deposit or in trust at the warehouse, and in return received a ticket (or warehouse receipt) stating that he could redeem his goods whenever he presented the ticket at the warehouse. In short, his ticket or receipt or claim check was to be instantly redeemable on demand at the warehouse. The keeper of the warehouse in exchange for the safekeeping service charged the depositor with some amount of fee. Thus the depositing operations evolved.

Functions of Banking: From the ancient times to the Present

Modern banking functions developed by the time starting from the very ancient times. Ancient period of banking developed the concept of each function. Modern banking is based on them. The following functions worth to look at: depositing, money exchange, credit transfer, interest, loans, distance trading instruments, clearing house and inkasso.

Depositing operations

Depositing-safekeeping is the first function of banking operations. It originated in Ancient Mesopotamia in 3000-c. 2000 BC in Babylonia out of the activities of temples and palaces which provide safe places for the storage of valuables (Glyn, 2002). In Egypt the centralization of harvests in state warehouses also led to the development of a system of depositing (Toutain, 1930). Deposits of grain, and other commodities were accepted for safe keeping. Thus, the deposit of valuables was stored, either sealed or untouchable as the earliest predecessor of the modern safe deposit. However, by the time, people learned that it is easy to order to warehouse keeper to transfer some amounts of grain from one deposit to another, instead of carrying out and lending it to borrower and borrower will take it back to the warehouse to deposit it.

Written orders for the withdrawal of separate lots of grain by owners whose crops had been deposited there for safety and convenience, or which had been compulsorily deposited to the credit of the king, soon became used as a more general method of payment of debts to other persons including tax gatherers, priests and traders. There was even such practice as "interest-free seed loans" (Toutain, (1930). Should be noted, depositing with these temples and other vaults was not for purpose of interest gaining, but to keep valuables in safe place and to pay debts if any to third parties.

The deposit of valuables or money was stored, either sealed and untouchable as the earliest predecessor of the modern safe deposit; or given over to a banker's administration to be withdrawn on demand wholly or partly as an open deposit; or, in the case of exchangeable goods, made into a depositum irregulare a conto of the banker's institution to be used temporarily in normal banking transactions up to the time of withdrawal with or without bringing interest to the owner for this use. Summarizing all above mentioned; depositing at ancient times performed following functions safekeeping, paying taxes, paying debts, transferring amounts of valuables to others, borrowing from one individual to other.

Money exchange

Secondly there was the changing of moneys in which different currencies and moneys were exchanged against payment of an agio, a small fee for the banker. Furthermore there was the business of transferring sums from one account to another without further money payments, the so-called giro. There also was the so-called inkasso, the paying out or taking in of money amounts for a customer with or without requiring a previous money deposit. Another preRenaissance form of banking business was the "Lombardengeschaeft", loan business on securities which was concerned with the lending out of money against pawned, deposited, or contractually ceded securities of precious metals, easily exchangeable wares, and real estate loans. There was furthermore the credit business proper, the lending out of money without any special security, but against money forms. Offices were set up to decide upon and to examine officially the correctness of weights and measures and the quality of the materials used as money. Fees had to be paid by the customers for the services of changing and checking the quality of the money materials, which may be taken as the beginnings of the later agio of the Greek and Roman periods.

The great variety of coinages originally in use in the Hellenic world meant that money changing was the earliest and most common form of Greek banking. Usually the money changers would carry out their business in or around temples and other public buildings, setting up their trapezium-shaped tables (which usually carried a series of lines and squares for assisting calculations), from which the Greek bankers, the trapezitai derived their name, much as our name for bank comes from the Italian banca for bench or counter. The close association between banking, money changing and temples is best known to us from the episode of Christ's overturning the tables in the Temple of Jerusalem (Matthew, 21:12).

Money changing was not the only form of banking. One of the most important services was bottomry or lending to finance the carriage of freight by ships. Other business enterprises supported by the Greek bankers included mining and construction of public buildings. The most famous and richest of all was Pasion who started his banking career in 394 BC as a slave in the service of two leading Athenian bankers and rose to eclipse his masters, gaining in the process not only his freedom but also Athenian citizenship. In addition to his banking business he owned the largest shield factory in Greece and also conducted a hiring business lending domestic articles such as clothes, blankets, silver bowls etc. for a lucrative fee.

When Egypt fell under the rule of a Greek dynasty, the Ptolemies (323-30 BC) the old system of warehouse banking reached a new level of sophistication. The numerous scattered government granaries were transformed into a network of grain banks with what amounted to a central bank in Alexandria where the main accounts from all the state granary banks were recorded. This banking network functioned as a giro system in which payments were effected by transfer from one account to another without money passing. As double entry booking had not been invented credit transfers were recorded by varying the case endings of the names involved, credit entries being in the genitive or possessive case and debit entries in the dative case.

Banking was not at this time a matter of public concern, except in so far as the government reserved for itself the monopoly of business in the exchange of foreign currency. Of banking monopolies we have two examples for the fourth century -- from Byzantium and from Olbia. The Byzantines farmed out the right of changing money to one bank. No other person was allowed either to give or receive money in exchange, under penalty of confiscation. We have here a monopoly of foreign exchange only, not of banking business in general.

Credit transfer

Credit transfer was also a characteristic feature of the services provided in Delos which rose to prominence in banking during the late second and third centuries BC. As a barren offshore island its inhabitants had to live off their wits and make the most of their two great assets - the island's magnificent natural harbour and the famous temple of Apollo - around which their trading and financial activities developed. Whereas in Athens banking, in its early days, had been carried on exclusively in cash, in Delos cash transactions were replaced by real credit receipts and payments made on simple instructions with accounts kept for each client (History of Egypt - http://www.encyclopedia.com/html/section/egypt_history.asp). In fact there were no international credit dealings. Money could only be remitted from city to city by the costly and dangerous method of specie transfers. Again the lending business of the Greek banker seems to have been largely confined to the occasional accommodation of personal friends, and his deposit business was no doubt equally restricted, for most people in the fourth century preferred to keep their capital in their own homes (Toutain, 1930).

Interest

Charge for the use of credit or money, usually figured as a percentage of the principal and computed annually. Simple interest is computed annually on the principal. Compound interest, paid by some savings banks, computes the interest on the principal as well as on any previous interest that has been added to the principal. Such charges have been made since ancient times, and they early fell into disrepute. In Greece, Solon forbade selling men into slavery for unpaid interest. The business which seems to have been most profitable to the Roman bankers was the loan of money at interest, advanced to ambitious young noblemen like Cæsar and Antony, who wanted considerable credit in order to make their political career, or to cities and sovereigns in the East, who had been reduced to penury by various circumstances and could only be preserved or delivered from ruin by the called with banking operations, in which they often invested very large sums (Toutain, 1930). The Jews, the Christian Church, and Islam forbade interest charges, or usury, as it was called, among their own groups. The merchant princes of Italy and elsewhere evaded such restrictions, even though the medieval churchmen considered money barren, or unable to produce wealth. Gradually the distinction was made between low interest rates and high ones, which came to be known, and condemned, as usury. England in 1545 removed the prohibition on interest charges and fixed a legal maximum interest; other countries followed (Columbia Encyclopedia, Sixth Edition, Copyright (c) 2004 - http://www.encyclopedia.com accessed 16.08.2004).

Loans

Loans based on a mortgage, real estate valuation, and pawning are mentioned in the Bible, the Zend Avesta, and the Veda. They were the favourite investment to which the rich aristocratic landowners gave their surplus capital in Greece after 700 B.C. or so at the latest. The disagreeable practice of lending capital with the person of the borrower being the main security was widespread, and particularly so in Israel and in Greece. If the debtor was unable to pay by the time at which the agreement expired, he had forfeited his own body and became a slave, often badly oppressed or sold abroad.

The loan on bottomry, "The characteristic of this kind of loan is that the lender hands capital to the borrower, to be especially applied to objects exposed to sea-risks, on condition that the borrower shall repay the sum lent only if the objects to which the loan applies arrive successfully at their destination. If, on the contrary, those objects are lost during the voyage in consequence of an accident at sea, the borrower will be released, and will not have to restore the sum lent." (Toutain, 1930).

In spite of the disadvantages and dangers of the bottomry loan, many Greek merchants and shipowners had recourse to it, and money-lenders did not hesitate to invest sums which were sometimes very large (Toutain, 1930).

“At the end of the fifth century and the beginning of the fourth banking made remarkable strides in Athens. From the forensic speeches of Isocrates and Demosthenes, we are especially well acquainted with the house which was managed in succession by Archestratos, Pasion, and Phormion. On his death Pasion left a large fortune, estimated at about £14,000, a very great sum for the time; this shows the importance of the various operations undertaken by the Athenian banks. Some of these operations were directly connected with commerce, such as the bottomry loan.” (Toutain, 1930).

Furthermore, lombard credit was used in all possible forms by the royal treasure houses, the temples, and by private business men, on securities for which there was known that a demand existed, on precious metals, on easily negotiable goods, and on real estate. Lending without security also belonged to the most common forms of money transactions with the royal treasure houses, the temples, and between private business men. Compound interest was quite usual with only a few legal restrictions coming in. The normal rate of interest varied in Babylonia for silver between 10 and 25%, for cereals between 20 and 33%. In other parts of the Ancient Orient the rate of interest for loans was occasionally somewhat higher. Interest was now variable in accordance with the changing business risks and had ceased to be traditional as in the townless civilizations. Whenever the state established an interest maximum for its territory this was usually fixed at between 20 and 30%. In addition the states advanced quite often loans at a lower rate of interest for poor and needy residents following in this the Ancient Oriental concept of charity.

Distance trading instruments

One important instrument in the finance of long-distance trade was the suftaja, a bill of exchange or letter of credit (Homoud, 1985). The basic purpose of the suftajas was to expedite long-distance payments or transfer of funds. In Europe the bill of exchange entailed the initial payment of one type of currency in return for the payment of another type of currency at a different location. In the Geniza documents of medieval Egypt the suftajas consistently appeared as involving the repayment of exactly the same type of money to the issuing banker. They were as good as money; the bearer could fully expect to redeem his suftaja for cash immediately upon arrival at his destination. The prompt payment was further assured by the government through the imposition of stiff penalties for any delays. Suftajas were used widely inside the Ottoman Empire between Anatolia, the Aegean islands, Crimea, Syria, Egypt and also with Iran (Homoud, 1985).

Draft in banking is the order by one party to another party to pay a stated sum to the person or firm in whose favor the draft is made. It is similar in form to the ordinary bank check. Often the drawer and the drawee of a draft are the same person. A sight draft is payable immediately on presentation to the drawee; a time draft is payable at a fixed date in the future. A draft is sometimes known as a bill of exchange. It was originally devised to give credit to a customer who intended to pay in the future, but it came to be used to pay foreign debts (see foreign exchange) because it obviated the bother, expense, and risk of transmitting money. Apparently, drafts were used in early Babylon, Egypt, and Rome, but the earliest clear instance of their use is in Genoa c.1156. Drafts are usually used in commercial transactions in which buyer and seller are distant from each other. The seller draws a draft against the buyer of his goods and sends the draft, together with shipping documents, to his bank. The bank or its agent presents the draft to the buyer for his acceptance of the obligation or for payment. If, in the case of a time draft, the buyer accepts the obligation to pay, he will often put a note to that effect, along with his signature, on the draft. Such an accepted draft is known as a trade acceptance and represents a legal commitment on the part of the buyer to pay the amount stipulated. For military draft, see conscription (Columbia Encyclopedia, 2004).

Clearing house and Inkasso

In banking, the periodic settling of bankers' claims against each other, for which local banks establish clearinghouse associations. Clearinghouses are said to have existed in Florence by AD 800. Inkasso that is the paying out and taking in of money for the account of customers, especially the state institutions, formed part of the normal economic activities of the royal and temple store houses, at least for grain, metals, and similar materials, both in the Cuneiform regions and even more marked in Egypt. Only the existence of "giro" during the Bronze Age is not proved with certainty. The earliest undisputable evidence comes from the Neobabylonian time when the influence of the Greek money economy made itself felt already, and our Ancient Oriental sources about giro have to be discussed therefore later on in connection with the development in banking during the sixth, fifth and fourth centuries B.C.

Functions developed in modern times

Many banking operations remained the same, the ways of performing has been changed over the time. The banking business is the same in principle as it was several centuries ago. However we should note industrial and functional changes in banking business.

Fractional Banking

The fractional banking, the system in which more than one deposit receipt is backed by the same amount of gold or other cash in the bank's vaults. This system has the negative results to the economy; the inflation may be triggered and depositors injured. Another characteristic gained by this development is that from now on a bank is always inherently bankrupt, and would actually become so if its depositors all woke up to the fact that the money they believe to be available on demand is actually not there. The fractional banking characteristic gained the government with the ability to regulate the money supply of the economy by implementing the monetary policies. This is also attributable to the modern period of banking history.

Deposit Attracting

The depositing attracting is the main goal of any financial institution nowadays. The deposits historically are the main source of funds for banks. In past banks was used by people to save their money or security and convenient means. However, as economy developed and trade become more international banks started to attract funds from under pillow to their accounts.

Before there was no interest payment for keeping valuables with banks, nowadays banks pay interest and compete for the funds of the economy.

Asymmetric Information

The fraudulent operations of the pre-modern period raised the issue known as asymmetric information concept. In other saying the existence of the banks is due to the existence of the asymmetric information in financial market. Banks come into their own when information inefficiencies aboundin particular, when information is asymmetrically held by the two parties to a financial transaction (Gup, 2003). According to the financial intermediation theory “information asymmetry induces a fundamental lack of trust” (Gup, 2003). There is a research paper of Raghuram G. Rajan (1998) that states that banks exist because of the incomplete contracts.

The developing market economy requires the healthy competition that is available only with the quality and availability of the service for the customers. The availability of the service negatively relates to the quality of the service. It is common that high quality service costs much then low quality service. All depends on the cost of the information processing. The banking industry overcomes this problem by its ability to process information at a low cost by the economies of scale compared to other financial intermediaries in the economy. The main purpose of information processing is to help funds channeling.

Central Banking

The central banks are always established by the government to regulate some issue of the economy. For example, the bank of Amsterdam was established in order to regulate payment system and coin minting. The bank of Venice was established to finance war (See for this Hildreth, 2001). Bank of England was established as private entity and was private upto 1930s. The establishment purpose was to finance government and to collect taxes on behalf of the government (Bisschop, W. R., "The Rise of the London Money Market 1640-1826", p.10).

By the time government set central bank as the Bank of the Banks. Today central bank of each nation regulates the operations of the financial system of the economy for the general welfare of the nation. The central banking established with unique future to regulate banks and issue the fiat money. The deposit taking institutions left without right to issue private notes.

Technological Developments

The last quarter of the last century evidenced new innovations in delivering the banking services to the customers. These innovations are Automatic Teller Machine (ATM) developed in order to reduce personnel costs and overcome regulatory obstacles, Credit and Debit Cards developed to ease the payments and reduce check processing costs, Phone Banking developed to increase competitive ability, Online banking developed to increase competitive ability by instant access to the bank account and payment transfer options, Internet banking developed to capture customers with habits to trade in cyberspace.

The advances in information and communication technology (ICT) have not brought up new developments into the banking industry. Rather the banking industry spread over the cyberspace its traditional services. The only new characteristic that is different from the traditional banking is the ability of the private bank to issue e-money. However, the e-money should be backed up with the real fiat money and readily exchangeable.

The new development for banking is the digital money that is carried in electronic pursues that is Smart Cards (seeEuropean Central Bank, "Report on Electronic Money", August 1998, http://www.ecb.int/press/pr/date/1998/ /html/pr980831.en.html accessed 24.12.2004). Smart cards are really new advance for the banking, because it enables people to open deposit account with banks though online banking and withdraw money over the internet connection.

Conclusion

Briefly summarizing the evolution of the banking throughout the history we can conclude the following; banking or banks developed spontaneously, ancient banking practices were not more than the separate operations undertaken by different people and mostly not simultaneously. The banking operations have been undertaken as a separate business opportunities. The further intensive practices of banking operations in mediaeval and later periods developed an institution of banking which will perform all the operations from now on. The modern banking is the logical consequences of the evolution of the mediaeval banking developed and shaped under the regulations specific to the country.

Today we are evidencing the technological development of the communication and information processing techniques along with deregulation of the banking industry. The future banking operations can be spread over to securities market along with offers to clients the latest technological advances for better performance and competition.

References

Books

1. Bisschop, W. R., "The Rise of the London Money Market 1640-1826", Batoche Books, Kitchener, 2001 http://socserv2.mcmaster.ca/~econ/ugcm/3ll3/bisschop/money.pdf accessed on 12.03.2004
2. Davies, Glyn, "A history of money from ancient times to the present day", 3rd ed. Cardiff: University of Wales Press, 2002
3. Gup, Benton E., The Future of Banking, Quorum Books, Westport, CT, 2003, accessed at www.questia.com on 15.01.2005
4. Hildreth, Richard, "The History of Banks: To Which Is Added, a Demonstration of the Advantages and Necessity of Free Competition In the Business of Banking", Batoche Books, Kitchener, 2001 (Original Edition: Milliard, Gray & Company, Boston, 1837.) http://socserv2.mcmaster.ca/~econ/ugcm/3ll3/hildreth/bank.pdf accessed on 12.03.2004
5. Homoud, Sami Hasan, Islamic Banking, Arabian Information, London,1985
6. Miller, Roger LeRoy, VanHoose, David D., Money, Banking, and Financial Markets, 2e, 2004,Thomson South-Western, accessed at www.southlearning.com on 20.12.2004
7. Toutain, Jules G., The Economic Life of the Ancient World, K. Paul, Trench, Trubner & Co., Ltd., New York, 1930, accessed at www.questia.com on 19.01.2005
8. Jukov, I.F., "Banks and banking operations", Moscow, 1997 ("Банки и банковские операции", Е.Ф. Жуков - М., 1997 г)

Articles

1. Beck, Thorsten, Demirgüç-Kunt, Asli, Levine, Ross, 1999, "A New Database on Financial Development and Structure" http://econ.worldbank.org/files/607_wps2146.pdf, accessed 19.02.2004
2. European Central Bank, "Report on Electronic Money", August 1998 http://www.ecb.int/press/pr/date/1998/html/pr980831.en.html, accessed 24.12.2004
3. FRBSF Economic Letter, "What's Different about Banks--Still№, 2001-09; April 6, 2001, http://www.frbsf.org/publications/economics/letter/2001/el2001-09.html, accessed 15.12.2004
4. Greenspan, Alan, "Remarks on Banking, At the American Bankers Association Annual Convention, New York, October 5, 2004", http://federalreserve.gov/boarddocs/speeches/2004/20041005/default.htm, accessed 15.12.2004
5. Janson, Nathalie, "The Development of Electronic Money: Toward the Emergence of Free-Banking№ http://www.mises.org/asc/2003/asc9janson.pdf, accessed on 16.08.2004
6. Jordan, John, Katz , Jane, "Regional Review: Banking in the Age of Information Technology", Quarter 4 1999- Vol. 9, No. 2, http://www.bos.frb.org/economic/nerr/rr1999/q4/katz99_4.htm, accessed 14.12.2004
7. Temin, Peter, "Financial Intermediation in the Early Roman Empire" (November 2002). MIT Department of Economics Working Paper No. 02-39. http://ssrn.com/abstract=348103, accessed on 08.03.2004
8. Wirtz, Ronald A., "Financial Evolution, Not Revolution", The Region, Federal Reserve Bank of Minneapolis, 2000, http://minneapolisfed.org/pubs/region/00-03/fin-evolution.cfm, accessed 15.12.2004

Internet Sources

1. Bank of England - http://www.bankofengland.co.uk/history.htm, accessed on 22.02.2004
2. Banking in Italy - http://www.the-orb.net/wales/mtib/mti23c.htm, accessed on 15.03.2004
3. Brief History of Banking - http://theunjustmedia.com/A_brief_history_of_banking.htm, accessed on 10.03.2004
4. Columbia Encyclopedia, Sixth Edition, Copyright (c) 2004 - http://www.encyclopedia.com, accessed 16.08.2004
5. History of Egypt - http://www.encyclopedia.com/html/section/egypt_history.asp, accessed on 10.03.2004
6. Online dictionary, http://bank.word.sytes.org/, accessed 20.08.2004