



From left: The Bank of England interior; Henry VIII and Queen Elizabeth I, who first allowed money to be lent for interest



DID YOU KNOW

The name 'British Pound Sterling' derives from when Henry II introduced new silver alloy coins in 1158 to replace the pure silver coins in circulation previously.



“The Roman concept of banking – to receive deposits and advance credit – remains at the heart of the financial industry today”

and ledger, as well as bank: 'bancos' was the name for the benches where the merchants did their business.

TUDOR BROKERS

In Tudor times, financial services were carried out by many different types of organisation and individual. Tudor monarchs often loaned money from German banks via the money exchanges of Antwerp, using agents such as Sir Thomas Gresham – whose name lives on in Gresham Street. Brokers began to charge for their services as intermediaries between borrowers and lenders, while bills of exchange were used to allow credit to flow between nations.

TRADING FLOOR

Until the 17th century, there were no real banking houses in the City of London. For the previous

two centuries, the main centre for commerce was the Royal Exchange. Established in 1565 by Sir Thomas Gresham, it was a place for the City's merchants and traders to do business. The original building, which was destroyed by the Great Fire, housed shops surrounding a central trading courtyard.

FIRST INTEREST RATES

The Tudor period saw England become a commercial society, with an expansion of domestic and international trade. However, the Church still didn't allow the lending of money with interest. This was changed by King Henry VIII, and furthered by his daughter Queen Elizabeth I, in rulings that meant money could be lent at an interest rate of 10 per cent. This was the foundation of modern banking.

GOING FOR GOLD

When in 1640, King Charles I appropriated £200,000 of private money deposited at the Royal Mint for himself, London's wealthy began to entrust their money and valuables to the goldsmiths that had settled around Lombard Street. The goldsmiths paid interest on the deposits they held and the receipts for these deposits were circulated as promissory notes.

NATIONAL BANK

The Bank of England was founded in 1694 to be the Government's banker. A primary purpose of its creation was to raise money (a Government loan of £1,200,000) for the war with France. In its early years, the Bank also issued new coinage and began accepting deposits. As evidence of the deposits, the Bank issued banknotes which soon became