The Bank of North America

The History of Our Nation’s First Central Bank
When and Why Was the Bank Started?

• Before the **Revolutionary War** the American **Colonies** were governed by Great Britain.

• The Bank of North America was **chartered** in 1781 to **fund** the **Continental Army** by **financing** the supplies needed for it.

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- **Charter**: a written agreement that says how an organization will be run.
- **Colonies**: a group of people who settle in a new place but are often still governed by their homeland.
- **Continental Army**: the army George Washington led during the American Revolution.
- **Finance**: to give money for a project.
- **Fund**: to provide money for something.
- **Revolutionary War**: the war we fought against Great Britain to form our own country.
Who Started the Bank?

• Two main **founders** of the bank were:

  - **Alexander Hamilton:**
    First Secretary of the Treasury.

  - **Robert Morris:**
    From Philadelphia.
    A key figure in raising money for the Continental Army.

• Both were also **Founding Fathers** of the United States.

  - **Founder:** a person who invests their time or money to start something new.
  - **Founding Father:** a man who played an important role in the creation of our U.S. government.
How do You Start a Bank?

• To start a bank a group of people called **investors** decide to put their money together to use as the bank’s money. Another founding father **Benjamin Franklin** invested in the Bank of North America.

• Once the bank has money it can make **loans**. For example, The Bank of North America loaned money to the **Continental Army**.

<table>
<thead>
<tr>
<th>Name</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joseph Reed</td>
<td>£2,000</td>
</tr>
<tr>
<td>Robert Morris</td>
<td>10,000</td>
</tr>
<tr>
<td>Blair McLennan</td>
<td>10,000</td>
</tr>
<tr>
<td>John Dunlap</td>
<td>4,000</td>
</tr>
<tr>
<td>James Wilson</td>
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<tr>
<td>James Cadman</td>
<td>5,000</td>
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<tr>
<td>George Clymer</td>
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<td>William Hughson</td>
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<tr>
<td>J. M. Nesbit &amp; Co.</td>
<td>2,000</td>
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<td>Richard Peters</td>
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<td>Samuel Meredith</td>
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<tr>
<td>James Nesbitt</td>
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<td>Thomas Burtsey</td>
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<td>Samuel Morris, Jr.</td>
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<td>Robert L. Hooper, Jr.</td>
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<tr>
<td>Hugh Steward</td>
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<tr>
<td>Benjamin G. Eyre</td>
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</table>

**List of some original investors**

- **Benjamin Franklin**: a major figure in the founding of our nation. He was involved in science, politics, finance, and helped gain the support of the French during the Revolutionary War.
- **Invest**: to place your time or money into something you believe is important.
- **Investor**: somebody who provides money or resources for a specific cause or group.
- **Loan**: money given temporarily that needs to be repaid.
How do You Use a Bank?

• You can use a bank to **deposit** and **withdraw** your money.

• When you deposit money it goes into a personal **bank account** and the bank holds it for you until you need it again.

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- **Bank account**: a personal place to deposit money and make withdrawals.
- **Deposit**: to put something somewhere, such as putting money in a bank.
- **Withdraw**: to take something out. Money can be withdrawn from a bank account.
How do You Make Money?

• Money, also known as currency, comes in two forms. Coins are made of metal at a mint, and paper money is made by a paper maker and printer.

• During the Colonial period paper money was difficult to make. Sheets of paper made in mills would be sent to a printer who printed the design on them. The design told people how much the money was worth.

An order for paper by Robert Morris, 1781

- Colonial period: the time in American history when we were ruled by Great Britain.
- Currency: paper or coin money.
- Mint: a place where coins are made.
Making Paper Money 200 Years Ago

1. Paper was made at a paper mill

2. A sheet of money after the design was printed onto the paper.

3. The sheet was cut into single pieces of currency like this one
How can a Bank Help Win a War?

In addition to holding your money, a bank is also able to make **loans**. The Bank of North America, for example, loaned money to the **Continental Army** to fund the war.

Loans from the Bank of North America bought supplies and paid soldiers. Having that money helped the Continental Army defeat the British.

*John Nixon reading the Declaration of Independence on July 8th 1776*
Recap

- If the Continental Army was loaned 300 dollars would it need to pay the money back?
- What did we call our first paper currency separate from Great Britain?
- Who helped the bank finance the war?
  - Investors
  - England
  - Soldiers