Figure 2.1 Early Federal Banking Activity

- **Funding Act of 1790**
  - US assumes state War debts; redeems at Par.
  - Est. Central Bank, DC

- **1st Bank of the United States. Chartered**

- **1st Bank of US Charter Lapses**

- **2nd Bank of US Chartered**

- **Currency Act of 1863**
  - National Bank Act of 1864
    - Taxes state bank notes (2% then 10%). Est. Office of Comptroller of the Currency (OCC) to supervise National Banks. Required National Banks to purchase US bonds equal to one third of their capital. OCC held bonds and paid banks with “Greenbacks” equal to 90% of bonds’ value.

- **Specie Resumption Act of 1875**
  - Resumes (by 1879) redemption of legal tender into gold suspended during Civil War

- **Federal Reserve Act of 1913**
  - Est. Federal Reserve System.
  - National banks must be members.
  - Gave clearing, discounting, and supervisory roles to the Fed

- **Banking Act of 1933**
  - “Glass-Steagall” Separated commercial and investment banking.
  - Created FDIC as temporary agency

- **Banking Act of 1935**
  - Est. FDIC as permanent agency

- **McFadden Act of 1927**
  - Prohibited Interstate banking and restricted intrastate branching to that permitted to state banks.
Figure 2.2 Modern Federal Banking Activity

Bank Holding Company Act
FRB approves bank holding company (BHC). BHCs can not acquire out-of-state banks unless the bank’s home state allows it.

Community Reinvestment Act
Requires banks to lend in the communities where they take deposits

Competitive Equality in Banking Act
Set new standards for funds availability. Recapitalizes FSLIC

Fireal Modernization Act
“Gramm-Leach-Bliley” Repeals Glass-Steagall separation; relaxes some BHC Act restrictions, allowing Financial Holding Company to underwrite insurance and securities

Depository Institutions Deregulation and Monetary Control Act
New thrift powers. Est. NOW accounts. Phases out Reg. Q (interest rate caps). Deposit insurance to $100,000

Financial Institutions Reform, Recovery, and Enforcement Act
S&L crisis resolution. Creates OTS, RTC, and RFC FDIC insures thrift deposits; FSLIC dissolved

FDIC Improvement Act
Least-cost resolution for failed banks; Prompt Corrective Action for failing banks. New capital requirements. Truth in Savings.

Int’l Money Laundering Abatement and Financial Anti-terrorism Act
Add’l records and scrutiny of foreign bank transactions and persons

Interstate Banking & Branching Efficiency Act
“Riegle-Neal” Lifts ban on interstate banking

Bank Secrecy Act
Banks must record all clearings and report all transactions over $10,000 and overseas transactions over $5,000

Financial Institutions Regulatory and Interest Rate Control Act
Limits bank insider transactions. Est. electronic funds transfers law.

Depository Institutions Act
“Garn-St. Germain” Expands FDIC assistance to troubled banks. Expands thrift powers. Creates net worth certificates. BHCs can acquire failing banks in other states