

## Can banking ever be ethical?

### Video transcript for 'A quick history of banking', with Steph McGovern

These days many of us take our bank accounts for granted. They're such a big part of our everyday life.

Wages go in, bills come out. You don't even have to go into a bank any more in order to do your banking. You can set up your standing orders, your direct debits and even get cash out, all at the touch of a button.

Banks play a really important role in society and not least this one, the Bank of England.

It's not like your typical high street bank that you and I would use – this one is where the big financial decisions are made – such as whether the cost of borrowing needs to go up, or indeed whether we need to print more money.

And then those decisions made in there affect the banks across the whole country.

But it hasn't always been like this...

Before money trade was done by swapping goods and skills. So I might fix your house in return for a bag of grain. Now that sounds straightforward, but as the transactions got more complicated, then people started writing IOUs, which we now know as money.

So people started carrying cash and as time went on and trade became global it meant that merchants were carrying loads of this stuff and, not surprisingly, that was dangerous.

And it was around this time that the profession of banking started: looking after people's money.

But it wasn't just cash – because this stuff, gold, was really valuable too. And the merchants used to get the goldsmiths to look after it for them. And while they were doing that, they used to lend it out to other people at a cost, which is another important concept in banking: borrowing and lending.

So all in all it was the growth in our economy which created the need for banking.