Background

Last modified Friday the 4th of October, 2024



After several attempts, in June of 1880, the Government created the Banco Nacional to act as its banker and to promote public credit. Its role as banker consisted of providing the Government with services of allocation of public or Treasury funds, credit extension, collaboration in obtaining both internal and external loans as well as the management of Government Securities. Furthermore, the Banco Nacional was responsible for issuing the national currency. However, in 1894, the Congress liquidated the National Bank due to registered excesses in the currency issue. Years later, the Banco Central de Colombia was created, which functioned between 1905 and 1909, until it too was liquidated for the same reasons.

The First World War brought in its wake severe economic and financial difficulties for Colombia that were not resolved with the advent of peace. During the first two decades of the 20th Century the prospects of Colombian banking institutions were not promising due to the existing monetary disorder: currency was issued without control and bank reserves were dispersed. An additional aggravation to this situation was the lack of a formal governmental system of guarantees and backing for the banks. This situation precipitated the economic crisis of the years 1922 and 1923, which clearly showed the scarcity of money in circulation. Therefore, the need to provide currency and credit with solidity and stability by means of a solid and consistent central bank became imperative.

Fuente: https://d1b4gd4m8561gs.cloudfront.net/en/node/7596