Bank of Amsterdam - controversially the first Central Bank, though not a National Bank

The **Bank of Amsterdam** (*Amsterdamsche Wisselbank*), established in **1609**, is frequently debated by economists as the world's first "true" central bank. While it predates more traditional claimants, its classification remains controversial due to its municipal origins and unique operating model.

Key Reasons for Controversy

- **First vs. Oldest:** While founded in 1609, it is often bypassed in favor of the **Sveriges Riksbank** (est. 1668) as the world's "oldest" central bank because the latter is the oldest still in continuous operation.
- **Central Bank Functions:** It performed core modern functions such as providing a final means of settlement, conducting open-market operations, and managing a unit of account (*banco florin*) that eventually functioned as fiat money.
- **Lack of Fiscal Backing:** Unlike modern national central banks, it was a **municipal bank** owned by the City of Amsterdam. It lacked the sovereign fiscal support—such as the power of general taxation—that modern central banks rely on to maintain solvency during crises.

Core Characteristics

- **Not a National Bank:** It was established to resolve the "chaos" of hundreds of debased coins circulating in the Dutch Republic. It served as a public infrastructure for international payments but was not a national entity managing a country-wide currency.
- **Monetary Innovations:**
  - **Stablecoin Precursor:** It initially functioned similarly to a "stablecoin," with account balances fully backed by physical metal.
  - **Fiat Money Leap:** By the late 1600s, it effectively transitioned to fiat money when it decoupled deposits from the right of immediate withdrawal, a momentous shift in monetary history.
- **Relationship with VOC:** The bank maintained a critical, though ultimately fatal, relationship with the **Dutch East India Company (VOC)**, providing it with massive liquidity and loans that eventually led to the bank's failure following the Fourth Anglo-Dutch War.

The Bank of Amsterdam was closed in **1820**, replaced by the national **De Nederlandsche Bank**.