

The History of Buying and Selling Precious Metals

From weighed silver and state coinage to bullion benchmarks, ETFs, and digital gold

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A history of the institutions that made valuable metal testable, priceable, transferable, and resalable.

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From weighed silver and state coinage to bullion benchmarks, ETFs, and digital gold

By All Metal Prices Editorial Team | Published and last reviewed August 23, 2026

Historical research and market-structure reference. Educational only; not investment advice.

Quick Answer

People sold gold and silver by weight long before anyone stamped coins. A buyer needed a balance, an agreed unit of weight, and some reason to trust the metal's purity. Coinage reduced that burden by placing a mint's reputation on repeatable pieces. Medieval hallmarking extended the same idea to cups, jewelry, plate, and other manufactured goods. In the early modern period, Spanish American silver pesos became internationally recognizable cargo, linking mines at Potosi with merchants in Europe, Manila, and China. The nineteenth and twentieth centuries added assay offices, accredited refineries, Good Delivery standards, benchmark prices, futures exchanges, and household-sized bullion coins. Since 2003, exchange-traded products, online vaults, and tokenized claims have made it possible to sell exposure to metal without moving a bar. Across all of these systems, the practical questions barely changed: What metal is this? How pure is it? How much is here? What is a defensible price? Who owns it, and can the next buyer resell it?

Key takeaways

- The first precious-metal markets relied on weighing and testing, not coins. Standard units made irregular pieces comparable.
- Coins and hallmarks lowered transaction costs by attaching an authority or maker to claims about weight and fineness.
- The Spanish peso became a global trade instrument because it was recognizable, divisible, and widely resalable - not because every market treated it identically.
- Modern spot prices are wholesale reference points. Retail offers still reflect fabrication, assay, inventory, logistics, fraud, financing, and dealer spreads.
- A coin in hand, an allocated bar, an unallocated account, a futures position, an ETF share, and a gold token can track the same metal while giving the holder very different legal rights.

At a glance: how the sale of precious metals changed

Period	Common form of sale	Main trust mechanism	Persistent risk
Before c. 650 BCE	Weighed silver, gold, jewelry, scrap, and ingots	Balances, customary weight units, touchstones, expert judgment, reputation	False weights, mixed metal, disputed units
c. 650 BCE-500 CE	Stamped electrum, gold, and silver coins alongside bullion	Mint designs, denomination, recurring weight standards, money changers	Debasement, clipping, counterfeits, unfamiliar coin types
500-1500	Coins, merchant bars, plate, jewelry, and money-of-account settlements	Mints, assay, money changers, guild rules, early hallmarks	Variable coin values, forged marks, local standards
1500-1800	Spanish American silver coin, bullion cargo, goldsmith deposits, transferable receipts	Colonial mints, merchant networks, assayers, banks, clearing relationships	Transport loss, monopoly rules, credit failure, coin-quality differences
1800-1914	Rush-era dust and bars, sovereigns, trade dollars, wholesale refinery bars	Assay offices, branch mints, refinery brands, telegraph prices, Good Delivery practice	Remote transport, legal-ratio distortions, mint and refinery reputation

Period	Common form of sale	Main trust mechanism	Persistent risk
1914-1974	Official reserves, benchmark-priced bars, restricted private holdings, futures contracts	Gold and silver fixings, central-bank rules, exchange contracts, licensed markets	Legal controls, benchmark concentration, leverage
1967-2000	One-ounce and fractional bullion coins sold through dealer networks	Sovereign-mint specifications, recognizable designs, two-way dealer quotes	Hidden premiums, rare-coin substitution, aggressive sales tactics
2003-present	ETPs, online vaulted metal, allocated and unallocated accounts, digital tokens	Custody agreements, bar lists, audits, securities law, electronic records	Counterparty, redemption, title, cybersecurity, off-chain verification

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Introduction: A Market History, Not Just a Mining History

Most histories of precious metals begin underground, with mining, or at the mint, with money. This one begins at the counter. A prospector may find gold and a ruler may declare a coin legal tender, but neither act completes a sale. Metal becomes commercially useful only when another person can judge it, price it, take title to it, and expect that someone else will accept it later.

That shift in viewpoint explains why the history of selling precious metals is broader than the history of coins. Sellers offered gold, silver, platinum, and palladium as dust, nuggets, chopped pieces, jewelry, plate, ingots, bars, coins, warehouse claims, futures contracts, fund shares, and digital tokens. Several of those forms coexisted in the same city. A seventeenth-century merchant might count coins for a small payment, weigh a bar for a large one, and settle another obligation through a goldsmith's account.

The market expanded whenever institutions reduced five recurring uncertainties. The first was identity: whether the object was actually the claimed metal. The second was fineness: how much of the object was pure metal rather than alloy or contamination. The third was quantity: whether the weight and unit were correct. The fourth was price and liquidity: how a seller could quote a value and locate a willing buyer. The

fifth was title and custody: whether the seller owned what was offered and whether delivery, storage, or redemption could be enforced. Modern responsible-sourcing rules added a sixth question - where the metal came from and whether its path to market was acceptable.

The argument developed here is simple: precious metals did not become globally saleable because rarity automatically creates a market. They became saleable because scales, assayers, mints, hallmarking offices, money changers, refiners, banks, exchanges, vaults, regulators, and dealers made a stranger's claim credible enough for the next transaction. Those institutions did not eliminate trust. They moved trust from a face-to-face relationship into marks, standards, contracts, records, and legal recourse.

The paper follows that infrastructure from early weighed metal to contemporary bullion ownership. It emphasizes documented commercial practice rather than legends about an inevitable march from barter to coin or from "real" metal to "paper" claims. The historical record is messier and more useful: physical metal and transferable claims repeatedly developed together, and every convenience introduced a new point of failure.

Selected milestones in the history of precious-metals trading

Date	Milestone	Why it mattered to sellers and buyers
3rd-2nd millennia BCE	Interregional weight systems appear across parts of Western Eurasia	Metal could be divided and compared through shared or convertible units rather than judged only as an object (Roberts 2025; Ialongo, Hermann, and Rahmstorf 2021).
Late 7th-6th c. BCE	Electrum coinage develops in western Anatolia	A recurring stamp and weight standard shifted part of the verification work to a minting authority (British Museum n.d.-a).
1300	English law requires official testing of precious-metal wares	Hallmarking attached a third-party judgment to manufactured gold and silver goods (Goldsmiths' Company n.d.).
1540s	Potosi becomes a major silver-producing center	Mining, milling, mercury refining, minting, taxation, and forced labor were joined in one vast commercial system (Lane 2019; UNESCO n.d.).
1571	Manila becomes a permanent trans-Pacific trade hub	American silver could move through a continuous commercial route to Asian markets, especially China (Flynn and Giraldez 1995).
1817	The modern British sovereign enters circulation	A closely specified gold coin became a familiar trade and reserve unit across the British imperial economy (Royal Mint n.d.-b).
1854	The San Francisco Mint opens	Miners could turn local gold deposits into assayed coin without shipping every load across the continent (United States Mint n.d.-b).
1897 / 1919	Formal London silver and gold price fixings	Widely used reference prices reduced the need to renegotiate valuation from scratch for each contract (LBMA n.d.-c; n.d.-d).
1933-1934	The United States restricts private monetary gold and centralizes reserves	Law sharply narrowed who could hold and sell ordinary monetary gold and at what official price (National Archives 2010; Federal Reserve History n.d.-a).
1967	The first Krugerrand is struck	A sovereign mint packaged exactly one troy ounce of fine gold for private retail distribution (South African Mint n.d.-a; n.d.-b).

Date	Milestone	Why it mattered to sellers and buyers
1971-1974	Dollar-gold convertibility ends; U.S. private dealing and gold futures return	Gold moved from an official conversion promise toward a freely quoted private investment and hedging market (Nixon 1971; United States Congress 1974; CME Group n.d.-a).
2003-2004	Gold-backed exchange-traded products launch in Australia, London, and the United States	Investors could buy and resell a security linked to vaulted gold through ordinary brokerage infrastructure (ASX n.d.; World Gold Council n.d.-a; SPDR Gold Trust 2004).
2012 onward	Responsible-sourcing assurance becomes part of wholesale accreditation	Commercial acceptability increasingly depends on provenance and due diligence as well as fineness (SEC 2012; LBMA n.d.-e).

Before Coins: How Gold and Silver Were Sold by Weight

Weight before money

Imagine a merchant accepting a bent silver coil rather than a coin. The object's shape offers little help. To complete the sale, the parties need a balance, a recognized unit, and a judgment about purity. Archaeological and textual evidence shows sophisticated systems of weighing and long-distance exchange in Southwest Asia well before the first millennium BCE. By the third and second millennia BCE, related systems of weights made valuable materials easier to divide and compare across trading regions (Roberts 2025; Ialongo, Hermann, and Rahmstorf 2021).

Silver was particularly useful because small amounts could represent substantial value and because pieces could be divided without destroying the material. The Metropolitan Museum of Art describes an Iron Age Iranian hoard containing jewelry, ingots, scraps, and a silver coil from a period before coinage in the region. The form was secondary: payment could be made by weighing a required amount and cutting pieces to reach the total (Metropolitan Museum of Art n.d.-a). "Hacksilver" was therefore not defective money. It was a practical inventory of divisible bullion.

A sale in such a system was an event, not merely the handover of a standardized object. The parties needed a balance, weights, an agreed unit, and confidence in the metal. They might also need a test - visual inspection, touchstone comparison, density, or an expert's judgment - because weight alone could not establish purity. Customary standards were often as important as formal ones: repeated, recognizable quantities could become acceptable commercial packages even without a central mint (Roberts 2025). The seller's reputation and the local market's conventions supplied part of what a later hallmark or refinery brand would supply.

Purity, supply, and the changing gold-silver ratio

Gold and silver were not valued by an immutable natural ratio. A study assembling more than two hundred ancient gold-to-silver value observations from roughly 2500 BCE to 400 CE found substantial variation across place and time. Purity mattered, but access to supply mattered more; silver often functioned as a benchmark against which gold of varying purity was valued (Ross and Bettenay 2024, 403-20). Thus the earliest precious-metals sellers already confronted a problem familiar to modern dealers: a quoted "metal price" concealed differences in fineness, location, availability, and transaction size.

The social range of metal exchange was also broad. Palace and temple administrations recorded obligations and equivalencies, while merchants used weighed metal in private and long-distance transactions.

Metal could be simultaneously a commodity, a unit of account, and a means of settlement. Those roles did not require that every purchase be physically paid in silver. An account could be denominated in a silver weight while actual settlement used another good. This distinction between a unit in which a price is stated and the object delivered in payment would persist through medieval money of account, gold-standard banknotes, futures contracts, and exchange-traded shares.

The first bullion market was less a building than a repeatable procedure. Once traders agreed that fine-metal content mattered more than an object's former use, a bracelet, clipped fragment, or ingot could enter the same calculation. Weighed metal created fungibility before coinage: not perfect interchangeability, but enough comparability for strangers to negotiate.

Coinage: The Mint as Assayer, Brand, and Market Shortcut

A stamp as a portable warranty

A coin saved time because someone else had already performed part of the sale. The earliest electrum coinages of western Anatolia, struck in the late seventh and early sixth centuries BCE, placed recognizable designs on pieces made to recurring weight standards. The stamp did not prove every atom, but it gave the buyer an issuer to recognize and a type to compare (British Museum n.d.-a).

That intervention altered the sale. Instead of weighing and testing every piece from first principles, a buyer could recognize a type, denomination, and issuing authority. Coins reduced the time required for ordinary transactions and made taxes, military pay, market fees, and public expenditure easier to organize. They also created a branded product. A successful coin type could circulate far beyond the issuing state because users trusted its expected weight and fineness. The issuer, meanwhile, could earn seigniorage, require taxes in its coin, recall or remint currency, and manipulate metallic content.

Coinage therefore combined certification with power. A mint converted bullion into a legal and recognizable form, but the stamp's value depended on governance and market experience. When rulers reduced fineness or when coins were clipped and worn, merchants discounted them, sorted them, or returned to weighing. Ancient and medieval monetary history repeatedly shows "nominal" value diverging from metallic value. The state could announce equivalence; the market could still ask how much fine metal remained.

Money changers, debasement, and resale

Greek and Roman markets developed specialists who exchanged denominations, tested coins, managed deposits, and extended credit. The exact institutional form varied, but the recurring business opportunity was clear: heterogeneous coins created demand for knowledgeable intermediaries. A merchant receiving foreign silver did not merely "take money." He evaluated a product whose local purchasing power depended on weight, fineness, recognition, and reminting costs. Coin dealers, money changers, and assayers earned income by narrowing that uncertainty.

Roman imperial coinage enlarged the geographic domain in which an official design could be accepted, yet precious-metal money remained linked to fiscal capacity and metallic supply. Gold and silver coins entered and left circulation through taxation, military spending, hoarding, melting, gifts, and trade. They were not sealed off from the bullion market. A high-quality foreign coin could be treated as bullion; an ornament could be melted for the mint. Kenneth Harl's account of Roman coinage emphasizes the relationship among state finance, metallic standards, and the broader economy rather than a modern separation between "money" and "metal" (Harl 1996).

After Rome, Byzantine and Islamic authorities continued to make official weights and coins part of market regulation. Surviving government weights testify to the need to police fair exchange, while coins such as the gold solidus and dinar achieved wide reputations because their standards were recognizable across large trading zones (Metropolitan Museum of Art n.d.-b). Yet regional scales, money-changing, and assay remained necessary. A coin's image provided information, not certainty.

Coinage lasted because it delegated verification. A mint turned unknown metal into a familiar retail unit, allowing sellers to quote denominations rather than begin every transaction with a scale and touchstone. The delegation was never absolute. When a ruler debased coin, a counterfeiter copied it, or wear reduced its weight, merchants returned to weighing, sorting, discounting, and assay.

Medieval Bullion, Money Changers, and the Invention of Hallmarking

Bars, coin, and money of account

Medieval Europe did not run on a single, uniform coin system. Coins, bars, jewelry, plate, and accounting units overlapped. Peter Spufford describes an earlier period dominated in many regions by silver pennies and a later economy in which larger silver pieces and revived gold coinages circulated together. For a large payment, a weighed bar could be more practical than sacks of small coin (Spufford 1988).

Uncoined silver nevertheless remained important, especially for large payments. Counting thousands of small coins was cumbersome; a bar of known fineness could be weighed more efficiently. Spufford notes that silver moved from mining regions in bars or ingots that could embody customary fineness and sometimes a standard weight, even though the unit called a "mark" varied by locality (Spufford 1988, 152-60). Medieval commerce therefore used a layered system: bullion for bulk, coins for many payments, and credit instruments for transactions in which neither needed to move immediately.

A further complication was money of account. Contracts and prices might be stated in pounds, shillings, and pence or another accounting unit even when no exact physical coin corresponding to the account existed. Settlement could use a mixture of coins valued at current rates. Coin itself was, in this sense, a commodity priced in the accounting unit (Spufford 1988, 411-14). Precious-metal selling involved conversion among account money, circulating coin, and fine-metal value. Exchange tables and expert judgment were commercial infrastructure.

Mints certified coin, but they did not certify every silver cup, gold chain, spoon, reliquary, or merchant's bar. The growth of fabricated precious-metal goods created a parallel need for consumer protection. In England, a 1300 statute required gold and silver wares to meet standards and be assayed; a permanent assay office at Goldsmiths' Hall dates from 1478. The English word "hallmark" derives from this institutional setting, where a mark indicated that an article had been tested at the hall (Goldsmiths' Company n.d.; London Assay Office n.d.).

Hallmarks as third-party verification

Hallmarking changed retail sale in several ways. It separated the seller's claim from the judgment of an authorized third party. It made enforcement possible after the transaction because a mark could identify the standard and, in developed systems, the maker or assay office. It also supported a market in secondhand objects: a buyer did not need a continuous relationship with the original goldsmith if the mark remained legible. A small stamped symbol condensed a costly assay process into portable information.

The system was not perfect. Marks could be forged, standards varied, enforcement was uneven, and an assay sampled rather than metaphysically guaranteed an entire object. Still, hallmarking anticipated later Good Delivery refinery lists, mint certificates, grading-service slabs, and audited vault reports. Each converts

specialist inspection into a credential that can travel with the metal. The credential's economic value rises as the market includes more strangers.

Supply shocks altered the terms on which metals were sold. Late medieval Europe experienced periods of bullion scarcity, followed by renewed silver production from Central European mines in the fifteenth century. Relative availability affected mint output, exchange rates, and the balance between gold and silver (Spufford 1988, 339-77). Sellers did not operate against a single timeless price. They navigated local shortages, mint ordinances, melting points, export restrictions, and differing legal ratios.

By the end of the Middle Ages, the commercial chain was already recognizable. Miners and merchants supplied metal; refiners and assayers made its composition legible; mints and assay offices certified it; goldsmiths fabricated and retailed it; money changers priced mixed coin; and bankers increasingly settled obligations without moving every piece. Modern bullion markets did not replace these roles so much as scale and formalize them.

Goldsmith-Bankers: When Custody Became a Transferable Claim

From safekeeping to transferable receipts

A secure London goldsmith's shop solved a practical problem: wealthy customers needed somewhere safer than a private house to keep coin and bullion. Goldsmiths already owned strong rooms, scales, furnaces, and the expertise to judge metal. Deposits followed. Once depositors accepted receipts or account balances, the saleable object could be a claim on metal rather than the same physical pieces originally delivered.

Custody changed the object being sold. A depositor who accepted a receipt or account balance held a claim rather than necessarily the same pieces of metal. If that claim was transferable, value could move while metal stayed in a vault. The commercial advantage was substantial: fewer risks of transport, easier subdivision of balances, and the possibility of credit. The corresponding risk was also fundamental. A claim to a custodian's general inventory was only as sound as the custodian. The English Stop of the Exchequer in 1672, when royal repayment was suspended, damaged goldsmith-bankers and demonstrated that supposedly liquid claims could be entangled with sovereign credit (Quinn 1997, 411-32; Bank of England n.d.-a).

Stephen Quinn's study of Restoration London emphasizes that goldsmith banking grew not merely from passive safekeeping but from mutual acceptance and interbank clearing. Notes, orders, and bills became useful because bankers accepted one another's liabilities and settled net positions (Quinn 1997). This was a major step in the history of selling metal: the physical stock became a reserve beneath a network of claims. The buyer of a claim relied on institutional settlement rather than visual inspection of a coin.

The founding of the Bank of England in 1694 added a public-private institution to this landscape. It was created principally to raise funds for the government, but its notes, deposits, and bullion operations helped consolidate London's financial role. Goldsmiths did not disappear; rather, the market acquired an institution capable of warehousing bullion, supporting payments, and anchoring confidence at larger scale (Bank of England n.d.-a).

Bullion intermediation and the separation of title from possession

London's bullion business also grew from global trade. The London Bullion Market Association traces its roots to the late-seventeenth-century relationship between Moses Mocatta and the East India Company. Gold arriving from Brazil and later from California, Australia, and South Africa increased the need for specialized vaulting and dealing. The Bank of England developed a bullion warehouse serving a broad market (LBMA n.d.-a). Bullion was no longer only a local raw material for goldsmiths or a reserve for domestic coin. It was a globally sourced wholesale commodity with London as a clearing and custody center.

The Good Delivery List, which the LBMA dates to a Bank of England initiative in 1750, formalized another essential layer of trust. Refiners whose bars met recognized requirements could deliver them into the London market without each buyer starting the assay process anew (LBMA n.d.-a; Green 2010). A refinery's inclusion became a commercial asset. The bar carried not just metal but a chain of reputation: refiner, assayer, vault, and market rules.

This system anticipated the distinction between allocated and unallocated metal that structures the contemporary wholesale market. In an allocated account, specific bars are identified for a customer; in an unallocated account, the customer has a general entitlement against a dealer or bank. The former resembles warehousing titled objects; the latter resembles a banking claim and exposes the holder to the institution's credit (LBMA n.d.-b). Both can be useful, but they are different products. The distinction reveals a continuous historical question from the goldsmith-bankers onward: when someone says that a customer has "bought gold," has ownership of identified metal changed, or has the customer acquired a promise?

The logic survives in modern bullion banking. Specific bars can be set aside for a customer, or a customer can hold a general balance against an institution. The first arrangement centers on title to identified property; the second depends more heavily on the institution's credit. Seventeenth-century goldsmith banking did not create today's rulebooks, but it made the commercial possibility unmistakable: ownership, custody, payment, and physical movement could be separated.

The Global Silver Trade: Potosi, Manila, China, and the Piece of Eight

Potosi, refining, and the colonial mint

At Potosi, silver did not leap from a mountain into a merchant's chest. Ore moved through labor systems, crushing mills, mercury amalgamation, taxation, refining, and minting before a standardized peso could travel. The sixteenth through eighteenth centuries connected those stages to Atlantic and Pacific shipping, European finance, Asian demand, and colonial state power. This was the first durable precious-metals sales network to operate on a genuinely intercontinental scale.

Potosí, discovered as a major silver center in the 1540s in present-day Bolivia, became the emblem of this transformation. UNESCO describes it as the world's largest industrial complex of the sixteenth century, combining mines, hydraulic works, mills, and a mint (UNESCO n.d.). Its output depended on colonial institutions, including coercive labor, and on refining technologies that allowed lower-grade ores to be processed. The commercial history of silver cannot be separated from those human costs. A highly liquid product at the point of sale could originate in a violently unequal production system (Lane 2019).

Spanish American mints converted part of this output into standardized coin. The silver peso or "piece of eight," associated with a coinage reform beginning in 1497 and later struck across the empire, became a widely recognized trade currency (Royal Mint n.d.-a). Its success illustrates the power of a trusted format. Merchants far outside Spanish jurisdiction accepted the coin because expected weight and fineness, abundant supply, and repeated experience made it legible. Local users might test, chop-mark, weigh, or discount individual pieces, but the type offered a common starting point.

Manila, China, and silver arbitrage

The Pacific route through Manila was decisive. Dennis Flynn and Arturo Giráldez argue that the establishment of Manila in 1571 completed a continuous commercial connection among the Americas, Europe, Africa, and Asia, with American silver and Chinese demand at the center (Flynn and Giráldez 1995, 201-21). The Manila galleons carried silver westward and Asian goods eastward. This did not mean that every ounce followed a single official path. Smuggling, private trade, regional routes, and remelting

supplemented the imperial system. What mattered was the emergence of price relationships capable of pulling metal across oceans.

China's role was not passive. Tax reforms, monetization, and strong demand for silver made Chinese markets attractive destinations. Traders could obtain more goods for silver in parts of Asia than in producing regions, creating arbitrage profits that paid for transport and risk. Flynn's later synthesis describes world silver as moving toward Chinese end markets through supply-and-demand mechanisms, not merely as a mechanical settlement of bilateral "trade deficits" (Flynn 2015, 213-39). Richard von Glahn likewise shows that Chinese monetary policy and commercial practice created a complex silver economy rather than a simple foreign-metal dependency (von Glahn 1996).

Silver therefore passed through multiple kinds of sale. Mine output could be sold or taxed as ore or doré. Refiners converted it into higher-purity metal. Mints transformed it into coin. Merchants bought coin as cargo, not merely as spending money. Asian wholesalers exchanged it for silk, porcelain, spices, and other goods. Local users treated foreign coins by tale, by weight, or as raw silver. Each transfer could produce a margin from geography, information, official privilege, exchange rates, or differences between nominal and metallic value.

This global market was integrated but not frictionless. Transport was slow and dangerous; governments imposed monopolies and export rules; coins differed by mint and date; and information arrived unevenly. The commercial chain rewarded trusted intermediaries who knew where a particular coin would pass at full value, where it would be discounted, and where it would be melted. Precious-metal dealing was in large part the business of understanding standards across borders.

The peso after Spanish imperial unity

The Spanish peso's long reach also shaped North America. Colonial and early United States commerce relied heavily on foreign coin, with accounts commonly expressed in variants of the Spanish dollar. Even after the creation of the U.S. Mint, Spanish and later Mexican silver remained important. The peso was not merely a predecessor of national currencies; it was a global bullion brand whose credibility was accumulated through repeated trade (Federal Reserve Bank of San Francisco n.d.; Irigoin 2009, 207-44).

The fragmentation of Spanish American political authority in the early nineteenth century weakened that uniformity. Alejandra Irigoin argues that the breakdown of the Spanish peso standard had consequences in both China and the United States because coins from multiple new authorities diverged in quality and reputation (Irigoin 2009). The episode shows that liquidity belongs not only to a metal but to a standard. A silver coin can remain chemically valuable while losing the premium attached to trusted uniformity.

The Spanish peso worked globally because the next buyer usually knew what it was, not because every buyer accepted it without question. Mints supplied a recognizable template; merchants supplied information and arbitrage; states supplied taxes, restrictions, and coercive routes; insurers and financiers absorbed delay and loss. The coin's worldwide career was a triumph of resale infrastructure as much as metallurgy.

Gold Rushes, Assay Offices, Trade Coins, and the Gold Standard

The sale chain after a gold discovery

Gold-rush stories usually end when the nugget is found. Commercial history begins there. Dust and nuggets varied in purity, picked up dirt, and were awkward to quote in ordinary trade. Someone had to clean, weigh, assay, discount, transport, refine, or coin them. Boomtown buyers, private assayers, express companies, banks, and branch mints formed a conversion chain between a miner's find and spendable or exportable value.

The California Gold Rush made the problem urgent. Shipping gold to Philadelphia was slow and dangerous, so Congress authorized a branch mint in San Francisco. It opened in 1854 to accept miners' deposits and produced more than four million dollars in gold coin in its first year (United States Mint n.d.-a; United States Mint n.d.-b). The mint was not simply a coin factory. It was a local market-making institution that shortened the route from mine output to saleable national currency.

Similar logic shaped facilities in Denver and Carson City. The federal government acquired the private mint of Clark, Gruber and Company in Denver; the facility initially operated as an assay office where miners could have gold melted, tested, and cast into bars. Carson City later accepted metal from the Comstock Lode and struck coin (United States Mint n.d.-a). These institutions reduced the discount that buyers would demand for unknown local material. They also brought taxation, documentation, and federal authority into frontier exchange.

The Australian gold discoveries likewise produced branch mints and a demand for internationally acceptable coin. Britain's modern sovereign, introduced through the coinage reform of 1817, became a major trade coin during the nineteenth century. Its recognizable design, specified gold content, and association with the Royal Mint allowed it to circulate across the empire and beyond (Royal Mint n.d.-b). Branch-mint sovereigns turned colonial gold into a portable imperial product.

Trade coins and faster information

Trade coins were commercial technologies. Their face value mattered in the issuing system, but their external success depended on expected fine-metal content and ease of resale. A merchant in Asia might prefer a familiar Spanish dollar to an unfamiliar British substitute even when official arithmetic claimed equivalence; the Royal Mint's own historical material notes the persistence of that preference (Royal Mint n.d.-c). Trust was path dependent. A new coin did not acquire global liquidity merely because a government declared it good.

Industrialization improved the infrastructure around bullion. Steamships and railways shortened delivery times; the telegraph narrowed information delays; mechanized mints produced more uniform edges and designs; refining technology allowed larger and more consistent output; and banks financed inventories and shipments. These changes reduced geographic price gaps without eliminating them. Dealers still earned money by moving metal from where it was offered to where it was wanted, but faster information made the business more competitive.

The international gold standard transformed the monetary demand for gold. By the late nineteenth century, major industrial economies had linked currencies to gold through rules governing coin, reserves, and convertibility. London, already a center of trade and finance, became the leading hub of the system. The standard did not mean that most transactions used gold coins or bars. Bank deposits and notes dominated many payments. Gold's market role was concentrated in reserves, international settlement, and the credibility of convertibility (Flandreau 2004; Eichengreen 2019).

The gold standard and the wholesale bullion system

For bullion sellers, the gold standard created a powerful institutional buyer: central banks and treasuries. It also created arbitrage points. When exchange rates moved to the gold-export or gold-import points, it could become profitable to ship bullion rather than settle through bills. Specialist firms calculated freight, insurance, interest, mint charges, and assay differences. Gold's official monetary price did not abolish commercial calculation; it organized it.

Bimetallic systems complicated the relation between gold and silver. When a government fixed a legal ratio that diverged from market value, the relatively undervalued metal tended to leave circulation or be hoarded. Debates over bimetallism were therefore also debates over who would buy and sell each metal at

what terms. Angela Redish shows that technical constraints on reliable, low-cost coinage and the difficulty of maintaining ratios shaped the historical operation of bimetallic standards (Redish 2000).

By 1850, the firms that would later constitute the London gold-fixing group were established, while Good Delivery standards helped determine which refiners' bars could enter the wholesale market without repeated negotiation (LBMA n.d.-a). London connected mine output from multiple continents with banks, mints, jewelers, investors, and official reserves. The nineteenth-century achievement was not merely more gold. It was a more integrated conversion system from ore to standardized bar, from bar to coin or reserve, and from one financial center to another.

The nineteenth century built a nearly continuous route from mine output to internationally acceptable form. Assay offices converted uncertain material into measured value; mints and refineries supplied recognizable products; railways, steamships, and telegraph lines reduced distance; banks financed inventory and shipment; and London linked multiple producing regions to official and private demand. More metal mattered, but the conversion system made that metal liquid.

Benchmarks, Ownership Controls, Bretton Woods, and Futures Markets

Public benchmark prices

The twentieth century removed precious metal from everyday pockets while making it easier to trade as a distinct asset. At the century's opening, gold still anchored major currencies and silver coin remained common. By its close, most payments used fiat money and bank balances, yet investors and industrial firms could trade benchmark-priced bars, futures, pooled accounts, and standardized coins through specialized markets.

Price benchmarking was one important step. On September 12, 1919, representatives of five London bullion firms conducted the first London gold fixing at N. M. Rothschild & Sons. The process established a reference price at which buying and selling interest could be balanced (LBMA n.d.-c). A benchmark did not replace bilateral negotiation, but it gave refiners, miners, banks, jewelers, and merchants a common valuation point. The silver market had developed a formal fixing earlier, in 1897, and platinum-group metals later acquired comparable mechanisms (LBMA n.d.-d).

The fixing addressed a problem that had existed since weighed silver: how to turn many dispersed opinions into a public price. Its institutional form was distinctly modern. Participants communicated orders, adjusted a proposed price, and reached a level at which the market cleared. A seller could contract relative to "the fix" rather than renegotiate the entire value of gold. Benchmarking supported inventory accounting, financing, and long-term supply arrangements. It also concentrated influence and later prompted reforms toward electronically administered, regulated benchmarks.

Ownership controls and the official gold system

War and depression changed who was allowed to own and sell gold. In the United States, President Franklin D. Roosevelt's Executive Order 6102 of April 5, 1933 restricted private monetary gold holdings and required much gold to be delivered under specified terms. The Gold Reserve Act of 1934 transferred monetary gold to the Treasury and changed the official price to thirty-five dollars per ounce (National Archives 2010; Federal Reserve History n.d.-a). The legal market for gold was reorganized around the state; jewelry, industrial uses, and certain collectibles were treated differently from ordinary monetary hoards.

These measures demonstrate that the "natural" marketability of precious metal is contingent on law. A bar may be portable and globally valued, but ownership, export, import, taxation, and dealer activity can be

prohibited or channeled. Restrictions also affect product design. When standard bullion ownership is constrained, collectible coins, jewelry, foreign holdings, and industrial forms can acquire special importance depending on exemptions and enforcement.

The Bretton Woods agreement of July 1944 created a postwar monetary system of fixed but adjustable exchange rates centered on a dollar convertible into gold for official foreign holders. It was not a restoration of household gold coin. Gold operated primarily among governments and central banks, while private commerce used national currencies and bank balances (Federal Reserve History n.d.-b; International Monetary Fund n.d.). The market was simultaneously more monetary at the highest official level and less metallic in daily life.

London's gold market reopened in 1954 after wartime suspension. In 1968, the international monetary authorities created a two-tier arrangement separating official transactions from a freer private market, and London moved to twice-daily dollar fixings (LBMA n.d.-d). The attempt reflected the growing difficulty of holding an official gold price while private demand and dollar liabilities expanded.

On August 15, 1971, President Richard Nixon suspended the dollar's convertibility into gold for foreign official holders, closing the central mechanism of Bretton Woods (Nixon 1971; Federal Reserve History n.d.-c). The decision did not end gold selling. It removed an official conversion promise and allowed the private price to become a more visible, volatile market signal. Gold's investment appeal increasingly rested on its contrast with fiat currencies rather than on a routine right to exchange those currencies for metal.

Futures markets and hedging

United States law again permitted citizens to purchase, hold, sell, and deal in gold beginning at the end of 1974. On December 31, 1974, gold futures began trading in New York, aligning the reopening of private ownership with an organized derivatives market (United States Congress 1974; CME Group n.d.-a). Futures allowed miners, refiners, fabricators, dealers, and speculators to buy or sell standardized commitments for future delivery. Many positions would be offset rather than physically delivered, but deliverable specifications linked the financial contract to acceptable metal.

Futures changed the dealer's inventory problem. A business holding gold while fabricating or distributing it faced the risk of price decline; a short futures position could hedge that exposure. A buyer expecting future need could hedge price increases. The exchange supplied standardized contract terms, margining, clearing, and public prices. It thereby sold not metal itself but enforceable exposure to metal under a rulebook.

The dates of organized U.S. futures also show that "precious metals" became a broader financial category over time: silver futures began in 1933, platinum in 1956, palladium in 1968, and gold in 1974 (CME Group n.d.-a). Each contract helped transform specialized physical markets into assets visible to financial traders. Yet physical quality remained decisive at the delivery point. A futures market could standardize a contract only by specifying acceptable bars, warehouses, and procedures.

The result was not the disappearance of gold and silver from finance, but a change in visibility. Metal left ordinary payment and reappeared as an explicitly priced reserve, hedge, industrial input, collectible, and investment product. Official convertibility gave way to private price discovery; coin in circulation gave way to bars in vaults; and physical delivery was supplemented by contracts that could be offset or netted.

How Retail Bullion Coins Created a Mass Market

The Krugerrand model

A 400-troy-ounce wholesale bar and a one-ounce coin contain the same commodity in radically different retail packages. That distinction had to be invented. A mass bullion market required a unit small enough for

households, standardized enough for comparison, and common enough that dealers would quote both a selling price and a repurchase price. Older coins were widely hoarded, but many carried numismatic uncertainty or belonged to obsolete monetary systems.

The South African Krugerrand, first struck on July 3, 1967, was the decisive model. It contained exactly one troy ounce of fine gold in a durable alloy and carried no conventional denomination; its market value was intended to track gold rather than a stated face amount (South African Mint n.d.-a; South African Mint n.d.-b). This design made the sales proposition unusually clear. A dealer could quote the current gold value plus a premium for minting, distribution, and margin.

The Krugerrand also illustrated the relation between sovereign branding and private distribution. A national mint manufactured the recognizable object, but wholesalers and coin dealers created the retail market. The product could be advertised in newspapers, sold by mail or telephone, displayed in coin shops, and repurchased in secondary markets. The state guaranteed specifications; private firms supplied reach, inventory, advice, and liquidity.

Competing sovereign-mint products

Other mints followed. The Royal Canadian Mint introduced the Gold Maple Leaf in 1979, initially as a high-purity alternative in the investment-coin market (Royal Canadian Mint n.d.-a). The United States launched American Eagle gold and silver bullion coins in 1986 and distributed them through a network of authorized purchasers rather than direct retail sales from the Mint (United States Mint n.d.-c). Britain introduced the modern gold Britannia in 1987 (Royal Mint n.d.-d). These programs turned national iconography into competing bullion brands.

The competitive dimensions were not only artistic. Fineness, available sizes, legal-tender status, tax treatment, security features, production capacity, and dealer supply affected demand. Fractional-ounce coins lowered the cash threshold for entry but usually carried larger premiums per ounce. Large bars offered lower fabrication costs but were less convenient to divide and could require more testing at resale. Small minted bars and sealed assay cards occupied a middle ground. Retail precious-metal selling became product management.

Dealers earned a spread between acquisition and sale, and the spread incorporated more than profit. It covered wholesale premiums, shipping, insurance, financing, fraud loss, price movement during inventory holding, compliance, and the cost of maintaining a repurchase market. In calm, liquid conditions, widely recognized products could trade at relatively narrow premiums. During shortages or demand surges, retail premiums could rise even if the wholesale spot price moved differently. "Gold price" and "the price at which a household can obtain a particular coin today" were not identical.

Dealer channels, spreads, and rare-coin confusion

Twentieth-century distribution combined old and new channels. Established numismatic firms used auctions and mail-order lists; local shops supplied immediate inspection and cash transactions; national marketers used magazine, radio, television, and telephone campaigns. Stack's, founded in New York in 1933 and holding its first auction in 1935, exemplifies the durable auction-dealer model (Stack's Bowers n.d.). Later mail-order businesses and grading services expanded the market for coins across distance. Bullion and numismatics often shared the same storefront even though their pricing logics differed.

That overlap created persistent confusion. A bullion coin is primarily valued by metal content and a relatively observable premium. A rare coin may derive most of its price from scarcity, condition, attribution, and collector demand. Unscrupulous sellers could shift customers from low-premium bullion into high-markup "semi-numismatic" or rare coins while implying that all products tracked the same gold market. They could also emphasize a product's retail asking price without explaining the dealer's buyback price.

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Modern official guidance identifies recurring warning signs: cold calls, urgency, claims of guaranteed safety, inflated prices, undisclosed commissions, financing arrangements that expose customers to margin calls, and storage fees for metal that may never have been acquired (Commodity Futures Trading Commission n.d.-a, n.d.-b; FINRA 2023). These abuses are historically revealing because they target the same four trust problems. The fraudster misstates price, obscures title, invents custody, or substitutes a different product for the one the buyer believes was purchased.

Retail bullion converted expertise into a product. A household no longer needed a bullion-bank relationship, a large bar, or independent assay knowledge to gain physical exposure. It could buy a mint-marked fraction or ounce and offer the same unit back into a dealer network. The convenience was real, but so were the costs: fabrication, distribution, inventory, verification, insurance, and the seller's margin all sat between the wholesale reference price and the customer's transaction.

Why Platinum and Palladium Markets Developed Later

From chemical identification to market standard

Gold and silver entered commerce early because they combined cultural demand with monetary use. Platinum and palladium followed a different path. They first had to be identified, separated from complex ores, refined despite difficult physical properties, and connected to industrial buyers. Their modern markets grew from chemistry and manufacturing as much as from saving or ornament.

Platinum was recognized in Europe as a distinct precious metal in the eighteenth century, while palladium was isolated in the early nineteenth. Commercial adoption required metallurgical advances because platinum-group metals have high melting points and often occur together in ores. The refiner's technical capacity was therefore even more central than in familiar gold and silver trades. Johnson Matthey, founded as a precious-metal assayer in 1817, became a major participant in refining and marketing platinum-group metals (Johnson Matthey n.d.).

The London Platinum and Palladium Market's historical chronology shows gradual financial standardization. London quotation of platinum and palladium dates to 1973; good-delivery standards followed in 1979; the market association was formalized in 1987; and full fixing procedures began in 1989 (London Platinum and Palladium Market n.d.). These dates are late because the underlying market was primarily an industrial supply chain before it became a broadly quoted investment category.

Industrial demand, contracts, and retail liquidity

Industrial buyers purchase performance as much as scarcity. Platinum-group metals are used for catalytic, chemical, electrical, medical, petroleum, and other applications. Demand can therefore respond sharply to technology, regulation, substitution, and automobile production. The U.S. Geological Survey groups platinum, palladium, rhodium, ruthenium, iridium, and osmium as the platinum-group metals and emphasizes their rarity and industrial importance (U.S. Geological Survey n.d.). A dealer in platinum or palladium must interpret a different demand structure from a dealer selling gold mainly as jewelry or investment.

Futures and official bullion products extended access. U.S. platinum futures began trading in 1956 and palladium futures in 1968 (CME Group n.d.-a). The U.S. Mint added platinum bullion coins in 1997 and

palladium bullion coins in 2017 (United States Mint n.d.-c). Other mints and refiners issued bars and coins in multiple sizes. The retail apparatus built for gold - assay cards, mint brands, dealer networks, spot-price websites, vaulting - could be adapted to these metals.

Yet liquidity remained uneven. Gold's deep monetary and investment market supports broad global resale. Platinum and palladium retail products may carry wider spreads, fewer immediate buyers, and premiums more sensitive to fabrication bottlenecks. Industrial users often require specific forms, purity, and delivery schedules, while retail investors may hold small bars that must find a dealer willing to inventory them. The word "precious" does not make all metals commercially interchangeable.

Platinum-group metals show why rarity is not enough. A liquid market required scientific identification, scalable refining, recurring industrial demand, acceptable bar specifications, benchmark prices, contracts, and retail products. Until those pieces existed, scarcity could make a metal interesting without making it easy to sell.

Gold ETFs, Allocated Metal, Unallocated Metal, and Digital Bullion

The first gold-backed exchange-traded products

Digital bullion is conceptually older than the internet. Goldsmith receipts, bank accounts, warehouse warrants, and futures all allowed ownership or price exposure to circulate while metal stayed in a vault. The early twenty-first century combined that old separation with stock-exchange access, continuous electronic pricing, large custodial systems, and very small minimum purchases.

The first gold-backed exchange-traded product began trading in Australia in March 2003, followed by a London listing later that year (Australian Securities Exchange n.d.; World Gold Council n.d.-a). In November 2004, SPDR Gold Shares launched in the United States. Its stated design was to hold gold and issue shares intended to reflect the price of bullion less expenses (SPDR Gold Trust 2004; State Street Global Advisors n.d.). An investor could now obtain gold-price exposure through an ordinary brokerage account, trade during market hours, and avoid personally receiving, insuring, and reselling coins or bars.

The product changed the unit of sale. A retail bullion dealer sells a fabricated object and usually arranges shipment or storage. An exchange-traded trust sells a security representing a proportional interest under a trust and custody structure. Large authorized participants create or redeem blocks of shares through specified procedures, while ordinary shareholders generally trade shares in the secondary market. The investor's liquidity comes primarily from securities-market makers, not from presenting a bar to a coin shop.

This architecture sharply reduced transaction and custody friction, but it made legal documentation more important. The buyer needed to understand what the trust owned, who held it, how expenses reduced metal per share, who could redeem, and what rights an ordinary shareholder possessed. "Backed by gold" was not a complete description. As with a goldsmith receipt, the quality of the claim depended on segregation, custody, audit, contractual rights, and institutional solvency.

Allocated and unallocated metal

Wholesale practice distinguishes allocated from unallocated metal. Allocated holdings identify particular bars held for a customer; unallocated balances are general claims on a bullion institution and make the holder a creditor rather than owner of specified bars (LBMA n.d.-b). Modern products can use both forms temporarily within creation, settlement, or operational processes. The distinction matters because two accounts displaying the same number of ounces may allocate different legal and credit risks.

Online dealers also transformed physical retail. Live spot feeds, automated premiums, inventory status, identity verification, insured logistics, and electronic payment allowed customers to compare products across

many firms. Vaulting platforms lowered minimums by recording fractional interests in larger wholesale bars. Some services offered internal transfers among customers, so ownership could change on a ledger without moving the bar. This reduced fabrication costs and delivery friction, but once again placed title, withdrawal rules, audit, and counterparty structure at the center.

Tokenized gold and the off-chain problem

Digitally represented or tokenized gold extends the same model. A token can facilitate transfer and fractionalization, but the blockchain cannot by itself prove that a bar exists, that it is unencumbered, or that a holder can redeem it. Those facts still depend on off-chain refiners, vaults, inspectors, legal entities, and enforcement. Technology can improve recordkeeping; it cannot eliminate the commercial need for trusted custody.

The central twenty-first-century change is not a clean replacement of "real" gold by "paper" gold. It is a wider menu of rights: possession of a coin, title to a numbered bar, a pooled balance, a futures position, a trust share, or a token issued against vaulted metal. Two products can follow the same gold price while exposing the holder to different rules on custody, credit, fees, redemption, transfer, and insolvency. A careful seller names the right being sold, not just the metal.

How Precious Metals Are Priced and Sold Today

From gross weight to fine-metal value

A modern precious-metal offer begins with fine-metal content, not with the object's gross weight alone. For a bar or coin, the stated fineness can often be checked against a mint or refinery specification. For jewelry, scrap, or mixed material, the buyer may rely on hallmarks, nondestructive tests, a sample assay, or a melt-and-assay process. The simplest valuation framework is: gross weight multiplied by fineness equals fine-metal weight; fine-metal weight converted to troy ounces multiplied by a reference price gives an indicative metal value.

Consider 10 grams of 14-karat gold. Fourteen karats out of twenty-four corresponds to a theoretical fineness of 0.5833, so the object contains about 5.833 grams of fine gold before any assay adjustment. Dividing by 31.1034768 converts that content to roughly 0.1875 troy ounce. If the relevant gold reference price is P dollars per troy ounce, the indicative metal value is 0.1875 multiplied by P . The actual offer may be lower because the buyer must verify the item, recover the metal, finance the inventory, cover loss and compliance risk, and earn a margin. A recognizable bullion coin may instead trade above its raw metal value because the product itself carries a resale premium.

This is why "spot price" is not a universal checkout price. Spot and benchmark quotations generally refer to wholesale metal of defined quality, place, and settlement convention. A one-ounce coin shipped to a household, an inherited ring offered for scrap, a rare coin graded for collectors, and an exchange-traded share are different products. Each has a different path to the next buyer, so each has a different spread.

What is actually being sold in a modern precious-metal transaction?

Product or claim	Primary source of value	Typical verification	Why the price can differ from spot
Scrap jewelry	Recoverable fine-metal content; sometimes design or brand	Hallmark, XRF or other test, specific gravity, sample assay, or melt assay	Refining loss, stones or nonmetal parts, uncertain fineness, processing cost, buyer margin

Product or claim	Primary source of value	Typical verification	Why the price can differ from spot
Sovereign bullion coin	Fine-metal content plus recognizable mint product	Mint specifications, dimensions, weight, security features, dealer testing	Fabrication, distribution, scarcity, tax treatment, demand, dealer inventory
Generic round or small bar	Fine-metal content plus fabricator acceptance	Refinery or mint mark, dimensions, serial/assay packaging where applicable, testing	Brand liquidity, fabrication, shipping, fraud risk, local demand
Large accredited bar	Wholesale fine metal in an accepted delivery form	Good Delivery accreditation, bar marks, weight/fineness records, vault controls	Location, financing, settlement, bar-list eligibility, wholesale bid-offer spread
Numismatic coin	Collector scarcity, condition, provenance, and metal	Authentication, attribution, grading, auction or specialist comparison	Collector demand can dominate melt value; appraisal uncertainty is higher
Allocated vaulted metal	Title to identified bars or coins	Custody agreement, bar list, independent controls, inspection and withdrawal rights	Storage, insurance, dealing, withdrawal, and fabrication charges
Unallocated balance or pooled claim	Contractual claim measured in metal units	Account terms, institution credit, reporting, conversion or withdrawal rules	Counterparty credit, fees, liquidity, and limits on specific-bar ownership
Exchange-traded product	Security designed to reflect metal price under a trust or fund structure	Prospectus, custodian, holdings reports, audit, exchange trading	Management expenses, market premium/discount, brokerage, creation/redemption structure
Tokenized metal	Digital claim whose value depends on off-chain metal and contract rights	Issuer records, custody, reserve attestations, redemption terms, legal enforceability	Issuer and custody risk, network fees, redemption limits, token-market liquidity

What the spread pays for

Across these periods, precious-metal sellers earned revenue from a recurring set of functions. They transformed form, place, time, information, and risk. A refiner converted mixed material into certified fine metal. A mint converted bulk metal into recognizable units. A merchant moved silver from a low-price to a high-price market. A banker replaced transport with book entry. A futures broker provided access to standardized forward exposure. A retail dealer broke wholesale inventory into household-sized products and promised a resale outlet. A custodian separated ownership from possession.

The visible dealer spread is only the final layer of a longer value chain. Mine output may be discounted for assay and refining; a refinery charges for processing; a mint or fabricator adds a premium; wholesalers finance and transport inventory; retailers bear acquisition, fraud, compliance, marketing, and price risks; and buyers pay for convenience and trust. Competition can compress these charges, but it cannot make every service free. Claims of "zero cost" often conceal compensation elsewhere or signal that the represented service is not being performed.

Price transparency has improved dramatically. Ancient sellers negotiated across local measures; early modern merchants waited for distant information; modern customers can see benchmark and futures prices in seconds. Yet transparency remains incomplete because the reference price usually describes wholesale metal at a specified location and form. A small coin delivered to a household is not the same product as a London Good Delivery bar, and a collectible coin is not the same product as either. Historical literacy helps prevent the benchmark from being mistaken for a universal retail checkout price.

How sellers and intermediaries earned a margin

A precious-metal margin has never been one universal markup. It pays different participants for changing the metal's form, place, timing, risk, information, or legal status. A buyer of mine output discounts uncertain purity. A refiner charges for assay and recovery. A mint turns bulk metal into recognized units. A merchant moves inventory between markets. A retail dealer breaks wholesale stock into household-sized products and maintains a resale channel. A custodian or fund sells administration around metal that may never leave a vault. Calling every difference from a reference price a "premium" hides these distinct services.

In ancient and medieval coin markets, mints and rulers could collect mint charges or seigniorage, while money changers earned by identifying, weighing, and discounting mixed issues. Their income reflected an information problem: the face on a coin did not guarantee that wear, clipping, debasement, or a foreign standard would be understood by the next buyer. Assay and hallmarking institutions addressed a related problem for bars, plate, and jewelry by attaching an accountable judgment to fineness. The buyer paid indirectly for faster acceptance and a more credible route to resale (Harl 1996; Spufford 1988; Goldsmiths' Company n.d.).

Early modern merchants added geography and time. The price difference between American silver and Asian purchasing power could be large, but the apparent arbitrage had to cover taxes, minting, freight, insurance, finance, delay, shipwreck, seizure, and the risk that exchange conditions changed before arrival. The same logic appeared during nineteenth-century gold rushes: a local buyer's discount on dust or nuggets paid for testing, transport, refining, and the wait until the metal reached a deeper market. Profits arose not simply from owning scarce metal, but from completing a difficult conversion chain (Flynn and Giraldez 1995; Lane 2019; Green 2010).

Modern sales divide the same economics into more visible line items. Fabrication and distribution appear in a bullion coin's premium; inventory and repurchase risk appear in a dealer's bid-ask spread; storage and insurance appear in custody fees; financing appears in wholesale carry; and administration appears in a fund's expense ratio. A low entry price can therefore coexist with an expensive exit, withdrawal charge, compulsory storage plan, or thin resale market. The useful comparison is the all-in round trip: the cash paid to acquire the product, the rights received during ownership, and the net amount available through a realistic resale route (LBMA n.d.-b; FINRA 2023; SPDR Gold Trust 2004).

How precious-metal businesses have earned revenue across history

Revenue mechanism	What the customer is paying for	Historical or modern expression
Mint charge or seigniorage	Conversion of bullion into an accepted monetary unit, plus sovereign authority	Coinage fees, official valuation, and the difference between metal input and issued money
Assay and refining charge	Measurement of fineness and recovery of saleable metal from uncertain material	Fire assay, cupellation, refinery deductions, treatment charges, melt-and-assay settlement
Fabrication premium	A convenient, recognizable product in a specified size and design	Stamped coin, small bar, round, jewelry, packaging, and security features
Bid-ask spread	Immediate liquidity, verification, inventory, fraud loss, and a standing repurchase offer	Money changer discount, bullion dealer buy/sell quote, scrap buyer payout schedule
Geographic arbitrage	Transport from a lower-value or shallower market to a higher-value or deeper one	Silver routes to Asia, gold-rush buying, refinery and vault location differentials
Storage and custody fee	Safekeeping, records, insurance, inspection, and sometimes withdrawal rights	Goldsmith deposit, allocated vault account, pooled program, token reserve custody
Financing or carry	Capital tied up while metal is held, transported, hedged, or awaiting settlement	Merchant credit, bullion-bank financing, lease or forward economics, dealer inventory cost

Revenue mechanism	What the customer is paying for	Historical or modern expression
Commission or management expense	Access, administration, reporting, trading, or portfolio structure	Auction commission, brokerage, exchange-traded product expenses, platform and redemption fees

Questions that make an offer comparable

- What exact product is being quoted: melt-value scrap, bullion, a collectible, allocated property, or a contractual claim?
- What weight unit and fineness are being used, and can both be independently checked?
- Which benchmark or spot quotation is the offer compared with, at what time, currency, and location?
- What premiums, commissions, assay charges, shipping, insurance, storage, financing, or redemption fees apply?
- Does the seller or buyer publish a two-way quote, and what would the same product fetch if resold immediately?
- For stored or digital products, who owns the metal, who holds it, what happens in insolvency, and who can demand delivery?

Counterfeits, Consumer Protection, and Responsible Sourcing

Counterfeits and layered verification

Purity checks did not disappear; they accumulated in layers. National-mint designs, refinery stamps, assay certificates, serial numbers, tamper-evident packaging, nondestructive testing, and marketplace databases all reduce risk. But each can be counterfeited or misunderstood. The strongest markets combine physical testing with institutional recourse. A familiar brand is valuable because a buyer expects the maker, dealer, or market operator to stand behind it.

Consumer protection in a mass-marketed asset

Consumer protection became more prominent as sellers reached inexperienced households through mass media and retirement accounts. The CFTC advises buyers to compare spot prices and premiums, obtain all fees in writing, and be skeptical of unsolicited promotions (Commodity Futures Trading Commission n.d.-c). The FTC warns that scammers may pose as metal dealers, promise urgency or safety, and fail to deliver (Federal Trade Commission n.d.). These warnings are modern versions of the ancient demand to verify weight and substance before accepting a claim.

That overlap created persistent confusion. A bullion coin is primarily valued by metal content and a relatively observable premium. A rare coin may derive most of its price from scarcity, condition, attribution, and collector demand. Unscrupulous sellers could shift customers from low-premium bullion into high-markup "semi-numismatic" or rare coins while implying that all products tracked the same gold market. They could also emphasize a product's retail asking price without explaining the dealer's buyback price.

United States regulators documented these problems as mass marketing grew. In 2010 the Federal Trade Commission told Congress that, since the 1980s, it had brought dozens of cases involving fraudulent sales of gold or silver bullion, rare coins, and related investments, including cases alleging overpriced or misgraded coins (Federal Trade Commission 2010). Later cases alleged nondelivery, false claims of sales at dealer cost, hidden leverage, and misuse of retirement savings (Federal Trade Commission 2011, 2016).

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calls, and storage fees for metal that may never have been acquired (Commodity Futures Trading Commission n.d.-a, n.d.-b; FINRA 2023). These abuses are historically revealing because they target the same four trust problems. The fraudster misstates price, obscures title, invents custody, or substitutes a different product for the one the buyer believes was purchased.

Responsible sourcing as a modern hallmark

The twenty-first century has added provenance to the older questions of purity and title. Gold's portability and recyclability can obscure its origin, enabling illicit mining, money laundering, sanctions evasion, or links to armed conflict. United States conflict-minerals disclosure rules adopted in 2012 included gold among the minerals for which covered manufacturers may have reporting duties (Securities and Exchange Commission 2012). The LBMA's Responsible Gold Guidance, implemented in 2012 for Good Delivery refiners, introduced annual assurance against supply-chain due-diligence requirements; silver guidance followed later (LBMA n.d.-e).

Provenance changes what certification means. A technically pure bar can be commercially unacceptable if its source violates law or market standards. The modern seller increasingly represents not only "this is gold of a stated fineness" but also "this metal entered the market through an acceptable chain." Initiatives to digitize bar integrity and chain-of-custody records attempt to make that representation more portable (World Gold Council and LBMA 2022). In this respect, responsible sourcing is a new hallmark: a credential attached not to composition alone but to history.

What Five Thousand Years of Selling Metal Changed - and What It Did Not

Over five thousand years, sellers learned to transform six things: form, place, time, information, risk, and legal rights. A refiner changes mixed material into certified fine metal. A mint changes bulk metal into recognized units. A merchant moves metal from one price zone to another. A bank or vault changes physical possession into a transferable account. A futures market moves price risk across time. A dealer breaks wholesale inventory into household-sized products and promises a resale channel.

What did not change is the buyer's need for a credible next step. Metal that cannot be authenticated, priced, delivered, or resold is less liquid no matter how rare it is. A market institution earns its place by making one of those steps cheaper or safer. The institution can be public, private, or mixed: a royal mint, a guild assay office, a refinery list, a benchmark administrator, an exchange clearinghouse, a sovereign-mint distributor, or an audited custodian.

No system eliminates trust. It reallocates trust among institutions and makes some failures easier to detect or remedy. Holding a coin removes exposure to a fund sponsor but creates risks of theft, counterfeit, and costly resale. Holding an allocated bar reduces ambiguity about the object but requires a vault and legal access. Holding an exchange-traded share improves liquidity but introduces securities and custody structures. The history of selling precious metals is a history of choosing which risks to bear directly and which to delegate.

Frequently Asked Questions

When did people first sell gold and silver?

Gold and silver were exchanged long before coinage. By the Bronze Age, traders in parts of Western Eurasia used balances and related systems of weight to compare valuable materials. The surviving evidence

does not point to one universal "first sale," but it does show that weighed metal could function as a commodity, means of settlement, and unit of account centuries before stamped coin.

Was gold or silver the first money?

The question is too simple for the evidence. Silver often served as a valuation and payment metal in ancient Near Eastern records, while gold carried high prestige and large value in small weight. Grain, copper, livestock, shells, and other goods also served monetary functions. Money developed as a set of practices - accounting, payment, settlement, and acceptance - rather than as a single invention made from one metal.

Who invented coins?

The earliest widely accepted coinage developed in western Anatolia in the late seventh and early sixth centuries BCE, using electrum, a gold-silver alloy. Lydia is central to the story, but scholars distinguish early stamped electrum from later bimetallic gold and silver coin systems associated with the reign of Croesus. "Invented" should therefore be used with a date range and a clear definition of coin.

What is bullion?

Bullion is precious metal valued chiefly by its weight and fineness rather than by artistic, face-value, or collectible characteristics. It commonly appears as bars, ingots, rounds, or investment coins. A bullion coin may be legal tender, but its market price usually follows metal content plus or minus a product premium rather than the stamped denomination.

How was precious-metal purity tested before modern laboratories?

Traders used visual judgment, weight, touchstones, comparison needles, density, cutting, fire assay, and cupellation in different periods and places. No method was perfect. Markets reduced risk by combining tests with reputation, official marks, maker identification, and legal penalties for false metal.

Why was the Spanish piece of eight so important?

The silver peso joined a familiar size and fineness with large colonial mint output and extensive merchant networks. It could be accepted as money, weighed as bullion, or shipped as trade cargo. Its reputation was never uniform, but it was recognizable enough to connect markets in the Americas, Europe, Africa, and Asia.

When could Americans freely buy and sell gold again?

U.S. restrictions began in 1933 and changed over time, with exemptions for jewelry, industry, and certain coins. Congress restored the broad right of U.S. citizens to purchase, hold, sell, or otherwise deal in gold effective at the end of 1974. Gold futures began trading in New York on December 31, 1974.

Why is a dealer offer different from the spot price?

A spot or benchmark price describes a wholesale reference transaction under specified market conventions. A retail dealer must account for the actual product, verification, fabrication, shipping, insurance, inventory, financing, fraud risk, compliance, and resale demand. The difference is not automatically unreasonable, but it should be disclosed and comparable with competing two-way quotes.

What is the difference between allocated and unallocated gold?

Allocated gold is held as identified property for a customer, often with specific bars listed by refiner, number, weight, and fineness. An unallocated balance is normally a general contractual claim on a bullion institution rather than title to particular bars. The distinction affects custody, credit exposure, fees, and delivery rights.

When did gold ETFs begin?

The first gold-backed exchange-traded product began trading in Australia in March 2003, followed by a London product later that year. SPDR Gold Shares began trading in the United States on November 18, 2004. Earlier closed-end funds and certificates offered gold exposure, but the 2003-2004 launches established the modern physically backed exchange-traded model.

Is digital gold the same as owning a physical bar?

Not necessarily. A token or app balance may represent title to specific metal, a pooled beneficial interest, or only a claim against an issuer. The technology can make transfer fast, but it cannot by itself prove that reserves exist, are unencumbered, or are redeemable. The controlling documents, custodian, audits, applicable law, and withdrawal process determine what the holder owns.

Why do platinum and palladium often have wider retail spreads?

Their retail markets are smaller and more sensitive to industrial demand, fabrication capacity, and regional liquidity. Fewer dealers may hold inventory or quote immediate repurchase prices, especially for less familiar products. The metal can be valuable while the local resale route remains thinner than for common gold or silver bullion.

Conclusion

The history of selling precious metals is the history of making an unfamiliar object acceptable to the next buyer. Early scales converted fragments into quantities. Coinage attached a mint's reputation to portable units. Hallmarks carried third-party judgment into shops and workshops. Goldsmiths and bankers separated custody from payment. Mints and merchants turned the Spanish peso into global cargo. Assay offices, refineries, telegraph prices, and Good Delivery standards joined new mining regions to wholesale finance. Benchmarks and futures standardized price and risk, while bullion coins packaged metal for households. Exchange-traded and digital products now package legal claims as carefully as earlier mints packaged metal.

The basic questions remain stubbornly old: identity, fineness, quantity, price, ownership, and provenance. Every solution closes one information gap and opens another. A coin can be debased, a hallmark forged, a receipt overissued, a benchmark manipulated, a dealer spread hidden, a vault account misunderstood, or a token issued against missing reserves. "Physical" and "paper" are not enough to separate safe from unsafe transactions. Clear rights, reliable verification, transparent costs, and a credible route to resale matter more.

Precious metals endure partly because their atoms survive governments, issuers, and product designs. But atoms alone do not create a market. The market is the accumulated machinery that lets people test those atoms, quote them, move them, store them, finance them, and sell them again.

Research Method and Editorial Standards

This article prioritizes peer-reviewed scholarship, university-press histories, museum collections, national archives, mints, regulators, and the rule-setting institutions of wholesale precious-metal markets. Commercial sources are used mainly for the history or specifications of their own products and are identified as such. Historical "first" claims are qualified when the underlying category - coin, bank, futures contract, or exchange-traded product - can be defined in more than one way.

Dates are presented in BCE/CE form. "Selling" is used broadly for transfers of raw, refined, coined, fabricated, stored, or financially represented metal. The discussion is educational and historical; it does not recommend a metal, dealer, account type, security, token, or trading strategy.

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