Question #1 of 10

Question ID: 1459110

Which of the following uses of data is *most accurately* described as curation?

A) An analyst adjusts daily stock index data from two countries for their different market holidays. ✓

B) A data technician accesses an offsite archive to retrieve data that has been stored there. ✗

C) An investor creates a word cloud from financial analysts' recent research reports about a company. ✗

Explanation

Curation is ensuring the quality of data—for example, by adjusting for bad or missing data. Word clouds are a visualization technique. Moving data from a storage medium to where they are needed is referred to as transfer.

(Module 68.1, LOS 68.b)

Question #2 of 10

Question ID: 1459111

Artificial intelligence is *best* described as:

A) computer systems that emulate human thinking. ✓

B) networks of smart devices and buildings. ✗

C) the field of study concerned with extracting information from data. ✗

Explanation

Artificial intelligence refers to computer systems that emulate the functioning of the human mind. Networks of smart devices and buildings are referred to as the Internet of Things. Data science is the field of study concerned with extracting information from data.

(Module 68.1, LOS 68.b)

Question #3 of 10

Question ID: 1459114

Determining the optimal execution instructions for an order to buy a security is *most likely* to be an application of:

A) algorithmic trading. ✓

B) natural language processing. ✗

C) text analytics. ✗

Explanation

One of the potential applications of algorithmic trading is entering the optimal execution instructions for a trade. Text analytics is used for interpreting unstructured text or voice data. Natural language processing is used for applications such as language translation and speech recognition.

(Module 68.1, LOS 68.c)

Question #4 of 10

Question ID: 1459116

A government decides it will privatize vehicle registrations if the province's auto insurance companies can record and maintain ownership titles using distributed ledger technology. This application of distributed ledger technology is *best* characterized as:

A) blockchain. ✗

B) smart contracts. ✗

C) tokenization. ✓

Explanation

Tokenization refers to maintaining ownership records for physical assets on a distributed ledger. This might, but would not necessarily, use a blockchain, which is a subcategory of distributed ledgers. Smart contracts are computerized agreements designed to automatically carry out certain actions if defined conditions are met.

(Module 68.1, LOS 68.d)

Question #5 of 10

Question ID: 1459117

Investors in an initial coin offering (ICO) typically receive:

A) registered securities. ✗

B) cryptocurrency.

C) voting rights in the ICO issuer.

Explanation

An ICO is a sale of cryptocurrency to investors in exchange for cash or another cryptocurrency.

(Module 68.1, LOS 68.d)

Question #6 of 10

Question ID: 1459115

Robo-advisory services are *most likely* to be appropriate for an investor who is interested in:

A) actively managed investments.

B) high-frequency trading.

C) traditional asset classes.

Explanation

Robo-advisory services typically offer passively managed investments in traditional asset classes. High-frequency trading refers to intraday arbitrage trading with computer algorithms.

(Module 68.1, LOS 68.c)

Question #7 of 10

Question ID: 1459113

The technique in which a machine learns to model a set of output data from a given set of inputs is *best* described as:

A) deep learning.

B) supervised learning.

C) unsupervised learning.

Explanation

Supervised learning is a machine learning technique in which a machine is given labeled input and output data and then models the output data based on the input data. In unsupervised learning, a machine is given input data in which to identify patterns and relationships, but no output data to model. Deep learning is a technique to identify patterns of increasing complexity, and may use supervised or unsupervised learning.

(Module 68.1, LOS 68.b)

Question #8 of 10

Question ID: 1459112

Under which of these conditions is a machine learning model said to be underfit?

A) The model identifies spurious relationships.

B) The input data are not labeled.

C) The model treats true parameters as noise.

Explanation

Underfitting describes a machine learning model that is not complex enough to describe the data it is meant to analyze. An underfit model treats true parameters as noise and fails to identify the actual patterns and relationships. A model that is overfit (too complex) will tend to identify spurious relationships in the data. Labeling of input data is related to the use of supervised or unsupervised machine learning techniques.

(Module 68.1, LOS 68.b)

Question #9 of 10

Question ID: 1459109

An executive describes her company's "low latency, multiple terabyte" requirements for managing Big Data. To which characteristics of Big Data is the executive referring?

A) Velocity and variety.

B) Volume and variety.

C) Volume and velocity.

Explanation

Big Data may be characterized by its volume (the amount of data available), velocity (the speed at which data are communicated), and variety (degrees of structure in which data exist). "Terabyte" is a measure of volume. "Latency" refers to velocity.

(Module 68.1, LOS 68.b)

Question #10 of 10

Question ID: 1459108

Which of the following statements about fintech is *most accurate*?

A) A primary driver of fintech is the increasingly structured nature of data that firms must process.

B) Financial services that involve subjective judgment, such as investment advice, are unlikely to be affected by fintech.

C) Fintech companies include those that develop technology for the financial services industry.

Explanation

Fintech refers to technological developments with potential applications in financial services, as well as to the industry that develops these technologies. While firms must process an increasing volume of data, a large portion of that data exists in unstructured forms. Automated investment advice is a potential application of fintech.

(Module 68.1, LOS 68.a)