Started on	Thursday, 23 March 2023, 11:38 PM
State	Finished
Completed on	Thursday, 23 March 2023, 11:58 PM
Time taken	20 mins 36 secs
Marks	18.00/22.00
Grade	**8.18** out of 10.00 (**81.82**%)

Question **1**

Correct

Mark 1.00 out of 1.00

Which of the following best describes money?

- ○ a.   A shared belief held by the members of society
- ○ b.   A battery for society, like stored energy to be drawn on by users
- ● c.   A good selected for by society based on objective characteristics ✔
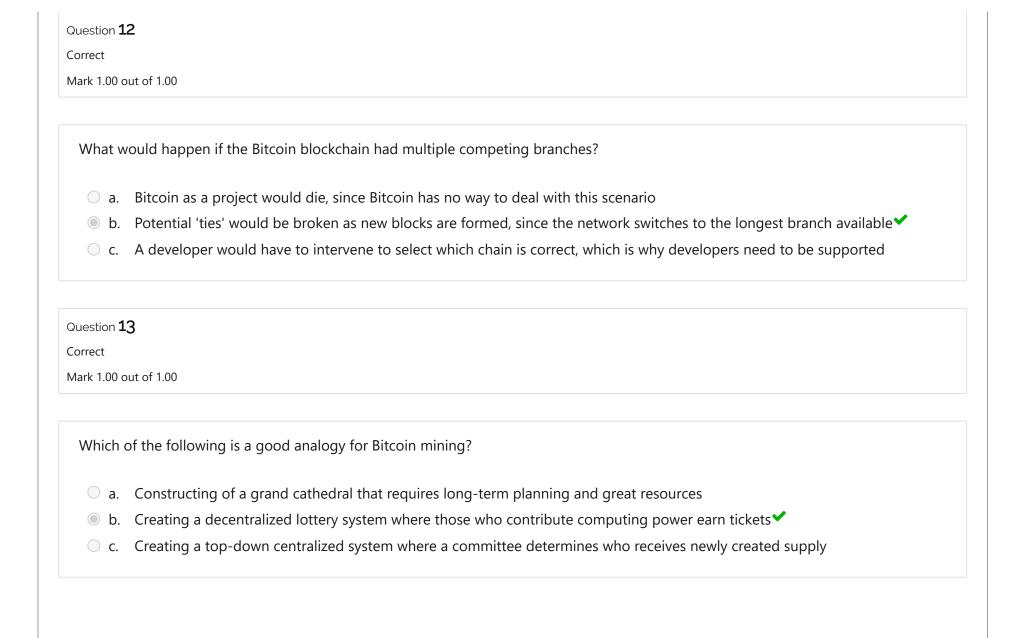
Question **2**

Correct

Mark 1.00 out of 1.00

Why did governments go "off the gold standard" during World War I?

- ○ a. It was difficult to exchange gold during wartime
- ○ b. Gold was not efficient enough as a transfer mechanism
- ◉ c. Governments inflated the supply of paper currency to fund warfare ✔

Question **3**

Correct

Mark 1.00 out of 1.00

Why is durability important for money?

- ○ a. Being durable is a show of "unforgeable costliness"
- ○ b. Being hard to destroy helps make it a more impressive monetary good
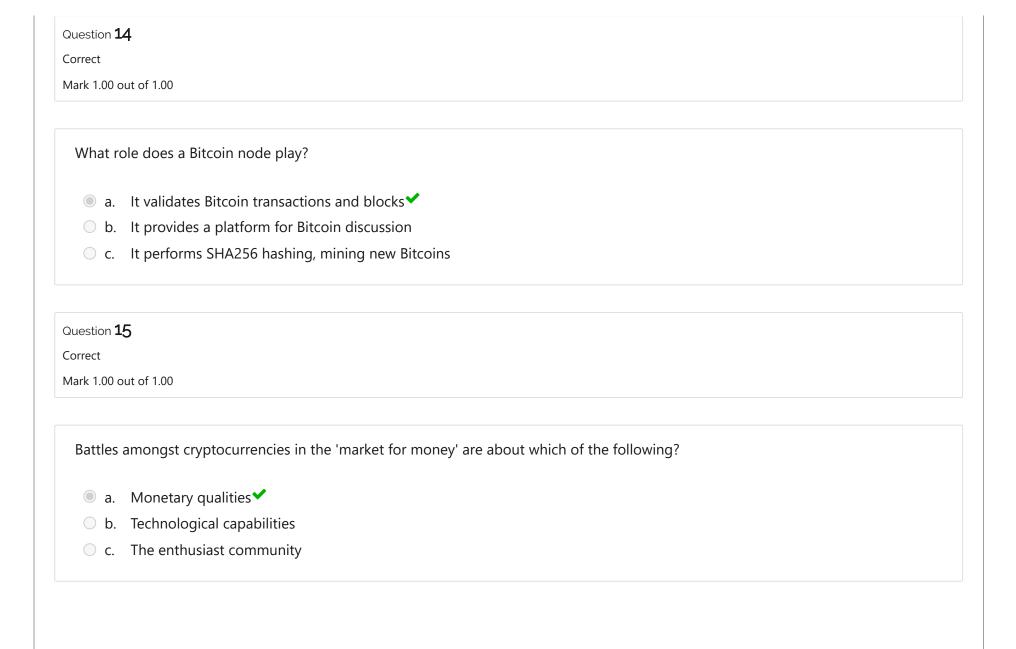- ◉ c. If it were easily destroyed, people could no longer trade using that monetary good ✔

Historically, gold was critiqued as money because people would "hoard" it. How should we analyze this?

- a. Hoarding is bad for society because it creates situations where there is not enough money to go around
- ⦿ b. We use money and hold a cash balance to reduce future uncertainty; because of this, hoarding is not necessarily an issue ✔
- c. Hoarding money is bad for society because it encourages people to sit on their money and not do productive things with it

What does proof of work in Bitcoin achieve?

- a. It reduces the computational load on the computers participating in the network
- ⦿ b. It ties the physical world to consensus in Bitcoin's ledger since it is costly to produce ✔
- c. It helps identify prime numbers that may have applications in other areas of science and technology

How does fiat money inflation affect individual behavior?

- a. Individuals have less incentive to invest and instead will save money into their bank accounts
- b. They go about their behaviors mostly unchanged in terms of earning, saving, spending, or investing money ✗
- c. Individuals must either become investment analysts and speculators or pay someone to perform this role for them

Question 7

Correct

Mark 1.00 out of 1.00

What does Bitcoin's monetary network gain when it has more participants than alternative cryptocurrencies?

- a. More state support to assert power
- b. More trading partners and an expanded range of choice ✔
- c. Support for a greater number of transactions per second

Question **8**

Incorrect

Mark 0.00 out of 1.00

Why is it unlikely that governments in the free world will ban Bitcoin?

- ⦿ a. Bitcoin small, and does not seem as if it will grow to a size that will cause governments to consider banning it ✖
- ○ b. As more users adopt Bitcoin and agree that it will rise in value so dramatically, bans will become politically unfeasible
- ○ c. Bitcoin operates completely outside the purview of all governments in the world, and is therefore "unbannable"

Question **9**

Correct

Mark 1.00 out of 1.00

What were the "crypto wars" about?

- ○ a. Being able to make cryptocurrencies free from government regulation in relation to securities
- ○ b. A series of yearly contests where cryptographers would meet up and try to break each other's encryption algorithms
- ⦿ c. Disagreements between the intelligence community and privacy activists over the rights of citizens to use end-to-end encryption ✔

What was a distinguishing feature of Wei Dai's first B-money proposal?

- a. It contained a difficulty adjustment algorithm
- b. All participants had to maintain separate copies of the same ledger
- c. It offered pre-image resistance to ensure that the hash function protected the pre-image ✖

The events of SegWit2X helped all understand that which of the following groups ultimately controls Bitcoin?

- a. Developers ✖
- b. Miners
- c. Users

Question **12**

Correct

Mark 1.00 out of 1.00

What would happen if the Bitcoin blockchain had multiple competing branches?

- a. Bitcoin as a project would die, since Bitcoin has no way to deal with this scenario
- b. Potential 'ties' would be broken as new blocks are formed, since the network switches to the longest branch available ✔
- c. A developer would have to intervene to select which chain is correct, which is why developers need to be supported

Question **13**

Correct

Mark 1.00 out of 1.00

Which of the following is a good analogy for Bitcoin mining?

- a. Constructing of a grand cathedral that requires long-term planning and great resources
- b. Creating a decentralized lottery system where those who contribute computing power earn tickets ✔
- c. Creating a top-down centralized system where a committee determines who receives newly created supply

Question **14**

Correct

Mark 1.00 out of 1.00

What role does a Bitcoin node play?

- ○ a. It validates Bitcoin transactions and blocks ✔
- ○ b. It provides a platform for Bitcoin discussion
- ○ c. It performs SHA256 hashing, mining new Bitcoins

Question **15**

Correct

Mark 1.00 out of 1.00

Battles amongst cryptocurrencies in the 'market for money' are about which of the following?

- ○ a. Monetary qualities ✔
- ○ b. Technological capabilities
- ○ c. The enthusiast community

Question **16**

Correct

Mark 1.00 out of 1.00

Who may review changes to Bitcoin?

- ⦿ a.   Anybody✔
- ○ b.   Bitcoin exchanges
- ○ c.   The BDFL (Benevolent Dictator For Life)

Question **17**

Correct

Mark 1.00 out of 1.00

What does open source development mean?

- ⦿ a.   The source code is available to be contributed to✔
- ○ b.   Developers must remain open-minded at all times
- ○ c.   The source code is not able to be contributed to but is available

For most people, what is the easiest and most cost-effective way to acquire Bitcoin?

- a. Mining it
- ● b. Buying it ✔
- c. Earning it

For longer-term backup of your Bitcoin wallet seed words, which of the following is usually recommended?

- ● a. Steel backup ✔
- b. Paper backup
- c. Memorising your 24 seed words

Which of the following is a common recommendation regarding staying more private with your Bitcoin online?

- a. Use closed-source software
- b. Make sure you hold your own private keys
- ◉ c. Avoid posting your Bitcoin addresses publicly online ✔

How does the Lightning Network work to increase the rate of Bitcoin transactions possible?

- a. It increases the size of Bitcoin blocks to fit more on-chain transactions inside them
- ◉ b. It takes transactions "off the chain" by only settling the closing of channels on the lightning network ✔
- c. It uses external storage to increase the storage capacity of Bitcoin's blockchain, relying on large service providers

Question **22**

Correct

Mark 1.00 out of 1.00

What is the general recommendation in relation to Bitcoin and self custody?

- ⦿ a. Reduce your risk by using self-custody✔
- ○ b. Use the Sherman technique to secure your Bitcoin
- ○ c. Avoid generating additional entropy for your Bitcoin seeds