

THE CORE - BITCOIN DIPLOMA JAN - MARCH 2024 COHORT ASSIGNMENT TWO

* Indicates required question

1. **What motivated the Cypherpunks to create bitcoin? ***

1 point

Mark only one oval.

- ☐ Profit-driven goals
- ☐ Addressing problems in traditional finance
- ☐ Government intervention in technology

2. **In the context of traditional banking, what is a drawback of centralized systems mentioned in the text? ***

1 point

Mark only one oval.

- ☐ Faster transactions
- ☐ Lack of transparency
- ☐ Increased autonomy for individuals

3. **How is the Rai stone system on Yap Island different from the US Dollar system? ***

1 point

Mark only one oval.

- ☐ Rai stones are digital currency
- ☐ Rai stones are controlled by a central authority
- ☐ Rai stones transactions rely on oral history and trust

4. **What advantage do decentralized systems have over centralized systems according to the text?**

* 1 point

Mark only one oval.

- ☐ Increased vulnerability
- ☐ More reliance on intermediaries
- ☐ Resilience with no single point of failure

5. **What is the role of miners in the Bitcoin's network? ***

2 points

Mark only one oval.

- ☐ Adding new blocks to the Bitcoin's Blockchain
- ☐ Editing or deleting information in the blockchain
- ☐ Reading the blockchain

6. **Why is the bitcoin's blockchain considered a more secure method of record-keeping compared to a traditional central database?**

* 1 point

Mark only one oval.

- ☐ It can be edited by a central authority
- ☐ It relies on personal relationships
- ☐ It doesn't have a central authority to edit, delete, or change information

7. **What is the abbreviation for bitcoin, and satothis? ***

1 point

Mark only one oval.

- ☐ \$, Sats
- ☐ BTC, Satoshi
- ☐ BTC, Sats

8. **Why is bitcoin considered a divisible currency, and what is the smallest unit of bitcoin called?**

* 1 point

Mark only one oval.

- ☐ bitcoin is divisible into 100 million units called satoshis
- ☐ bitcoin is divisible into 100 units
- ☐ bitcoin is not divisible

9. **What is the main purpose of the Bitcoin's blockchain, as mentioned in the text?**

* 1 point

Mark only one oval.

- ☐ To promote centralization
- ☐ To decentralize decision-making
- ☐ To securely record and verify transactions

10. **How does a bitcoin transaction correspond to a physical note in terms of identification?**

* 1 point

Mark only one oval.

- ☐ Each bitcoin has a unique digital fingerprint
- ☐ bitcoin transactions have a physical form
- ☐ bitcoin transactions are identified by a person's ID

11. **How do you use bitcoin, and what is needed to set it up? ***

1 point

Mark only one oval.

- ☐ A credit card is needed to use bitcoin
- ☐ A digital wallet on your computer or phone is needed
- ☐ Bitcoin is used without any setup

12. **Can Bitcoin be shut down, and why is it difficult to do so? ***

1 point

Mark only one oval.

- ☐ Yes, governments have complete control over shutting down Bitcoin
- ☐ No, Bitcoin is decentralized, making it difficult to shut down completely
- ☐ Bitcoin can only be shut down by miners

13. **How are miners rewarded for adding a new block to the bitcoin's blockchain? ***

* 1 point

Mark only one oval.

- ☐ They receive a fixed salary
- ☐ They receive payments from the government
- ☐ They receive compensation with newly minted bitcoin

14. **What role do developers play in the Bitcoin network? ***

1 point

Mark only one oval.

- ☐ Verifying transactions
- ☐ Writing new transactions on the blockchain
- ☐ Maintaining and proposing improvements to the Bitcoin software

15. **What is the maximum limit for the total amount of bitcoin that can ever be made?** * 1 point

Mark only one oval.

- ☐ 50 million
- ☐ 100 million
- ☐ 21 million

16. **According to the text, what gives bitcoin its value?** * 1 point

Mark only one oval.

- ☐ Being backed by physical assets
- ☐ Scarcity, utility, and perceived value by investors and users
- ☐ Being controlled by a government

17. **What is the key difference between a bank account and a Bitcoin wallet, according to the text?** * 1 point

Mark only one oval.

- ☐ Bank accounts are decentralized, while Bitcoin wallets are centralized.
- ☐ Bitcoin wallets are centralized, while bank accounts are decentralized.
- ☐ Bitcoin wallets are decentralized, and bank accounts are centralized.

18. **In a self-custodial wallet, who holds the private keys?** * 1 point

Mark only one oval.

- ☐ The user
- ☐ The government
- ☐ The third-party provider

19. **According to the text, what does the saying "Not your keys, not your coins" emphasize?** * 1 point

Mark only one oval.

- ☐ The importance of having physical coins
- ☐ The necessity of having control over private keys for true ownership
- ☐ The need for government intervention in Bitcoin transactions

20. **What is the main advantage of using a hardware wallet?** * 1 point

Mark only one oval.

- ☐ Very secure and can be used offline
- ☐ Complete control over funds and transactions
- ☐ Easy recovery if access is lost

21. **How does the text describe on-chain transactions in Bitcoin?** * 1 point

Mark only one oval.

- ☐ They are settled faster and with lower fees.
- ☐ They happen on a separate network built on top of the Bitcoin blockchain.
- ☐ They happen directly on the Bitcoin blockchain and take about 10 minutes to confirm.

22. **According to the text, what is the role of a recovery or backup phrase in a Bitcoin wallet?**

* 1 point

Mark only one oval.

- ☐ It generates private keys for the wallet
- ☐ It acts as a password for the wallet
- ☐ It creates a link to the Bitcoin blockchain

23. **What is the primary consideration when choosing a Bitcoin wallet, as mentioned in the text?**

* 1 point

Mark only one oval.

- ☐ The reputation of the wallet providers
- ☐ The availability of customer support
- ☐ The fees charged by different wallets

24. **What is the advantage of using the Lightning Network in Bitcoin transactions?**

* 1 point

Mark only one oval.

- ☐ Slower and cheaper transactions
- ☐ Increased scalability and no need for on-chain transactions
- ☐ Faster transactions with higher fees

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