THE CORE BITCOIN DIPLOMA OCTOBER -NOVEMBER 2023 COHORT FINAL TEST

* Indicates required question

1. **What potential does Bitcoin hold? ***   1 point

   Mark only one oval.

   - ( ) Limited impact on the financial system
   - ( ) Power to change the world and empower individuals
   - ( ) Temporary fad
   - ( ) Scam

2. **what is the difference between man-made scarcity and natural**   * 1 point
   scarcity?

   Mark only one oval.

   - ( ) Natural scarcity is centralized, while man-made scarcity is decentralized
   - ( ) Man-made scarcity is uncontrollable, while natural scarcity is controlled.
   - ( ) Man-made scarcity is controlled by a single entity, while natural scarcity is not
   - ( ) Natural scarcity is limited, while man-made scarcity is abundant

3. **What is the primary function of money?** *   1 point

Mark only one oval.

( ) To facilitate trade and exchange goods and services

( ) To satisfy human wants

( ) To act as a universal language

4. **What is the purpose of payment rails in the context of digital**   * 2 points
   currencies?

Mark only one oval.

( ) To prevent transactions

( ) To facilitate direct transfers without intermediaries

( ) To control the money supply

( ) To increase transaction fees

5. **According to the characteristics of money, what does "fungibility"**   * 1 point
   refer to?

Mark only one oval.

( ) The ability to be divided into smaller units

( ) The interchangeability of money

( ) The universal standard of value

( ) The limited supply of money

6. **What impact does Bitcoin have the traditional financial system?** *   1 point

Mark only one oval.

( ) Bitcoin challenges the traditional financial system by providing an alternative and decentralized form of money

( ) Traditional financial systems have become more efficient due to Bitcoin

( ) Bitcoin has no impact on the traditional financial system

( ) Bitcoin has led to the complete abandonment of traditional monetary systems.

7. **How did the 1944 Bretton Woods agreement impact the global monetary system?**   * 1 point

Mark only one oval.

( ) It established Bitcoin as the world's reserve currency.

( ) It fixed the value of the U.S. dollar to gold and pegged other currencies to the dollar.

( ) It promoted the use of bartering in international trade.

( ) It eliminated the need for currency transactions.

8. **What problem did the community encounter with metal coins, leading to the adoption of paper receipts?**   * 1 point

Mark only one oval.

( ) Metal coins were too durable and didn't wear out.

( ) Metal coins were too lightweight, causing difficulties in large transactions.

( ) The community preferred bartering over metal coins.

( ) Some people melted down coins, creating new ones with cheaper metals.

9. **What are the benefits of using commodity money over bartering, as** * 1 point
discussed in the notes?

Mark only one oval.

◯ Commodity money eliminates the need for a double coincidence of wants.

◯ Commodity money allows for direct exchange of goods and services

◯ Bartering promotes fair exchanges.

◯ Bartering is faster and more efficient.

10. **What is inflation, and how does it impact purchasing power?** *   1 point

Mark only one oval.

◯ Inflation is a decrease in the money supply, reducing purchasing power

◯ Inflation has no effect on purchasing power

◯ Inflation leads to an increase in purchasing power

◯ Inflation is an increase in the general level of prices, reducing purchasing power

11. **How is the money supply created in fractional reserve banking?** *   1 point

Mark only one oval.

◯ By reducing interest rates

◯ By increasing government spending

◯ By lending a fraction of customer deposits

◯ By decreasing reserve requirements

12. **What motivated the Cypherpunks to create a decentralized digital** * 1 point
currency like Bitcoin?

Mark only one oval.

- ⚪ Addressing problems in traditional finance
- ⚪ Desire for centralized power
- ⚪ Enhancing intermediaries like banks
- ⚪ Promoting corruption in financial systems

13. **What is a key advantage of decentralized systems mentioned in the** * 1 point
notes?

Mark only one oval.

- ⚪ Increased vulnerability
- ⚪ Resilience with no single point of failure
- ⚪ Lack of transparency
- ⚪ Centralized control

14. **How does a decentralized system achieve consensus in the notes?** * 2 points

Mark only one oval.

- ⚪ Through trust in personal relationships
- ⚪ Via a central authority making decisions
- ⚪ Ignoring conflicts and disagreements
- ⚪ Using clear, transparent rules agreed upon by all participants

15. **What is the purpose of the Bitcoin's blockchain in the context of the** * 1 point
notes?

Mark only one oval.

◯ Revolutionizing economic transactions for speed and efficiency

◯ Creating trust through personal relationships

◯ Encouraging subjective interpretations of trust

◯ Centralized control of transactions

16. **What makes a blockchain a secure and reliable method of record-** * 1 point
keeping compared to traditional databases?

Mark only one oval.

◯ Central authority controlling information

◯ Dependence on personal relationships

◯ Inability to add new pages or blocks to the ledger

◯ Immutability, with no ability to edit or erase once written

17. **Who is Satoshi Nakamoto?** *   1 point

Mark only one oval.

◯ A well-known tech enthusiast

◯ A group of Japanese developers

◯ The pseudonym for the creator of Bitcoin

◯ An influential figure in cryptography

18. **When was the Bitcoin Whitepaper published?** *   1 point

Mark only one oval.

◯ 2009

◯ 2010

◯ 2011

◯ 2008

19. **What is the primary goal of Bitcoin according to Satoshi Nakamoto?** *   1 point

Mark only one oval.

◯ Develop a decentralized digital currency accessible to anyone

◯ Create a centralized digital currenc

◯ Ensure anonymous transactions

◯ Enable secure offline transactions

20. **How did Lazlo Hanyecz contribute to Bitcoin's history?** *   1 point

Mark only one oval.

◯ Published the Bitcoin Whitepaper

◯ Purchased the first-known goods with bitcoin

◯ Discovered the identity of Satoshi Nakamoto

◯ Invented the concept of blockchain

21. **What does the symbol BTC represent in the context of Bitcoin?** *   1 point

Mark only one oval.

◯ Bitcoin currency symbol

◯ Bitcoin Trading Company

◯ Blockchain Technology Consortium

◯ Bitcoin Transaction Code

22. **Can Bitcoin be shut down completely by governments?** *   1 point

Mark only one oval.

◯ Yes, but it requires physical confiscation

◯ No, because it's decentralized

◯ Yes, because it's centralized

◯ No, but it can be restricted

23. **What is the role of miners in the Bitcoin network?** *   1 point

Mark only one oval.

◯ To validate transactions and add them to the blockchain

◯ To create new bitcoins

◯ To secure private keys

◯ To manage exchanges

24. **What is the purpose of public key cryptography in Bitcoin transactions?** * 2 points

Mark only one oval.

- ( ) To encrypt messages
- ( ) To sign transactions
- ( ) To share secret keys
- ( ) To create digital signatures

25. **What is the maximum limit on the total supply of bitcoins?** * 1 point

Mark only one oval.

- ( ) 10 million
- ( ) 50 million
- ( ) 100 million
- ( ) 21 million

26. **What does the term "mempool" represent in the context of Bitcoin transactions?** * 2 points

Mark only one oval.

- ( ) What does the term "mempool" represent in the context of Bitcoin transactions?
- ( ) A record of all past transactions
- ( ) A waiting area for verified transactions before being added to the blockchain
- ( ) A secure storage for private keys

27. **When choosing a Bitcoin wallet, what are some trade-offs to consider?** * 1 point

Mark only one oval.

◯ Wallet color and design.

◯ Wallet's ability to play music.

◯ Security, privacy, ease of use, compatibility, fees, and control.

28. **What is the main difference between a bank account and a bitcoin wallet?** * 2 points

Mark only one oval.

◯ Both are decentralized

◯ Bitcoin wallets have a master private key

◯ Bank accounts are on a person-to-person network

◯ Bitcoin wallets operate on a person-to-person network

29. **Bitcoin wallets operate on a person-to-person network** * 1 point

Mark only one oval.

◯ The government

◯ The bank

◯ The user

◯ The third-party provider

30. **How does a recovery phrase work in a bitcoin wallet?** *   2 points

Mark only one oval.

○ It generates public keys

○ It can be used to generate private keys

○) It is a type of private key

○) It creates a backup wallet

31. **What does the Lightning Network provide for bitcoin transactions?** *   1 point

Mark only one oval.

○ Quick, cheap, and confidential off-chain transactions

○ Government regulation

○ Faster on-chain transactions

○ Increased security

32. **What is the tradeoff between on-chain and off-chain (Lightning Network) transactions?**   * 1 point

Mark only one oval.

○ On-chain transactions are slower but more secure, while off-chain transactions are faster but less secure

○ On-chain transactions are faster and more secure

○ Off-chain transactions are slower but more secure

○ On-chain and off-chain transactions have the same speed and security levels

33. **What does hashing do in Bitcoin transactions?** *   1 point

Mark only one oval.

○ Encrypting transaction data

○ Identifying transactions

○ Ensuring transaction integrity

○ Creating private keys

34. **Which cryptographic function is essential to the security of the Bitcoin network?**   * 1 point

Mark only one oval.

○ SHA-128

○ SHA-256

○ MD5

○ SHA-512

35. **What is the purpose of the "halving" process in Bitcoin mining?** *   1 point

Mark only one oval.

○ Increasing the supply of new bitcoins

○ Decreasing the mining difficulty

○ Halting the mining process

○ Reducing the amount of new bitcoin released into circulation

36. **How often does the block reward halve in the Bitcoin network?** *   1 point

Mark only one oval.

- ( ) Approximately every 210,000 blocks or every four years
- ( ) Every month
- ( ) Once a year
- ( ) Every two years

37. **What is the role of the nonce in Bitcoin mining?** *   1 point

Mark only one oval.

- ( ) Ensuring privacy in transactions
- ( ) Verifying block hash
- ( ) Identifying the miner's address
- ( ) A unique number used by miners to find a valid block hash

38. **What is the purpose of the Coinbase transaction in Bitcoin mining?** * 2 points

Mark only one oval.

- ( ) Identifying the miner
- ( ) Rewarding the miner
- ( ) Creating new bitcoins
- ( ) Verifying block hash

39. **What is a potential benefit of using clean and renewable energy sources in Bitcoin mining?**   * 1 point

Mark only one oval.

( ) Reducing environmental impact and promoting sustainable energy

( ) Increased carbon footprint

( ) Higher mining costs

( ) Slower transaction validation

40. **What is the primary reason for Bitcoin's longevity and continued use, according to the Lindy Effect**   * 2 points

Mark only one oval.

( ) Constant technological changes

( ) Government regulations and interventions

( ) Its decentralized nature, resistance to change, and secure store of value

( ) Option 4

41. **What is one benefit of Bitcoin's decentralized structure in terms of cybersecurity?**   * 1 point

Mark only one oval.

( ) Enhanced susceptibility to government regulations

( ) Increased vulnerability to hacking

( ) Improved control over the network by a single entity

( ) Decreased vulnerability to hacking and data breaches

42. **How does the Lightning Network contribute to revolutionizing the remittance market?** * 1 point

Mark only one oval.

By increasing transaction fees

By reducing costs to near-zero through fast and low-cost transactions

Through increased government control

By introducing more intermediaries in transactions

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