

Copy of THE CORE BITCOIN DIPLOMA OCTOBER-NOVEMBER COHORT 2023 FINAL TEST

Hello, The Core Members,

We have prepared a final Test, which will include questions from chapters 1 to 10. We urge everyone who has enrolled to take the quizzes, as this will be used to evaluate you. Kindly make sure to complete assignment one and two before doing final test. All the scores combined; assignments 1, 2 and 3 will total to 100 points
The passmark to get a Certificate is 60 points of the total 100 points.

If you are not part of any of our community groups, please use this link to join:

NOTE: WE TALK BITCOIN ONLY.

<https://linktr.ee/thecore21m>

ALL THE BEST

Regards,

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* Indicates required question

1. Email *

2. **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

3. **what is the difference between man-made scarcity and natural scarcity?**

* 1 point

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

4. **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

5. **What is the purpose of payment rails in the context of digital currencies?**

* 2 points

Mark only one oval.

- ☐ To prevent transactions
- ☐ To facilitate direct transfers without intermediaries
- ☐ To control the money supply
- ☐ To increase transaction fees

6. **According to the characteristics of money, what does "fungibility" refer to?**

* 1 point

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

7. **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.

8. **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.

9. **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.

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

* 1 point

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.

11. **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

12. **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

13. **What motivated the Cypherpunks to create a decentralized digital currency like Bitcoin? ***

* 1 point

Mark only one oval.

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

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

Mark only one oval.

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

15. **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

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

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

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

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

18. **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

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

Mark only one oval.

- ☐ 2009
- ☐ 2010
- ☐ 2011
- ☐ 2008

20. **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

21. **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

22. **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

23. **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

24. **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

25. **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

26. **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

27. **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

28. **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.

29. **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

30. **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

31. **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

32. **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

33. **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

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

Mark only one oval.

- ☐ Encrypting transaction data
- ☐ Identifying transactions
- ☐ Ensuring transaction integrity
- ☐ Creating private keys

35. **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

36. **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

37. **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

38. **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

39. **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

40. **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

41. **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

42. **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

43. **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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