

# THE CORE - BITCOIN DIPLOMA

## ASSIGNMENT 2 JAN - MARCH 2025

### (COHORT 6)

\* Indicates required question

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1. **Why do many people spend money immediately instead of saving? \***

*Mark only one oval.*

- ☐ Because their wages increase faster than inflation
- ☐ Because they prefer short-term gains over long-term planning due to inflation
- ☐ Because goods and services get cheaper over time
- ☐ Because saving money has no risks

2. **What is the main consequence of the fiat system increasing the money supply? \***

*Mark only one oval.*

- ☐ Prices of goods and services rise
- ☐ People's wages increase at the same rate as inflation
- ☐ The economy becomes more stable

3. **Why do individuals end up working more jobs and longer hours? \***

*Mark only one oval.*

- ☐ Because they want to afford luxury goods
- ☐ Because they enjoy working extra hours
- ☐ Because inflation helps them save more money
- ☐ Because their wages do not keep up with inflation

4. **How do many people respond to rising costs and stagnant wages? \***

*Mark only one oval.*

- ☐ They save more money
- ☐ They take on more debt through loans and credit
- ☐ They invest in real estate

5. **What is one effect of the fiat system on individuals' psychology? \***

*Mark only one oval.*

- ☐ It encourages long-term financial planning
- ☐ It makes people more optimistic about the future
- ☐ It encourages people to save more money
- ☐ It creates a high time-preference, making people focus on short-term gains

6. **What is an "Orwellian future"? \***

*Mark only one oval.*

- ☐ A free-market system with no government interference
- ☐ A society with oppressive government control and surveillance
- ☐ A decentralized system with full financial transparency
- ☐ A utopia where everyone has equal financial opportunities

7. **How did the Cypherpunks view encryption? \***

*Mark only one oval.*

- ☐ As a way to protect individual liberties and privacy
- ☐ As a tool to centralize financial control
- ☐ As an unnecessary complication in the financial system
- ☐ As a tool to support government monitoring of transactions

8. **Why did the Cypherpunks seek a decentralized digital currency? \***

*Mark only one oval.*

- ☐ To allow governments more control over the economy
- ☐ To create a new centralized banking system
- ☐ To separate money from state control and ensure financial freedom
- ☐ To increase government surveillance over financial transactions

9. To increase government surveillance over financial transactions \*

*Mark only one oval.*

- ☐ "Bitcoin: The Decentralized Revolution"
- ☐ "Bitcoin and the Future of Finance"
- ☐ "Bitcoin: A Peer-to-Peer Electronic Cash System"

10. **What was Nakamoto's primary goal in creating Bitcoin? \***

*Mark only one oval.*

- ☐ To make it a centralized system
- ☐ To create a stable government-backed currency
- ☐ To separate money from the state and create a decentralized financial system
- ☐ To eliminate financial institutions

11. **How does Bitcoin help with financial inclusion? \***

*Mark only one oval.*

- ☐ By requiring a bank account for transactions
- ☐ By creating restrictions for cross-border transactions
- ☐ By limiting Bitcoin's use to wealthy individuals
- ☐ By allowing unbanked people to access money via a phone or computer

12. **What is the process called that miners use to maintain the Bitcoin network?** \*

*Mark only one oval.*

- ☐ Proof-of-Stake (PoS)
- ☐ Consensus Protocol
- ☐ Proof-of-Work (PoW)
- ☐ Proof of Funds

13. **What ensures that no single entity can monopolize Bitcoin development?** \*

*Mark only one oval.*

- ☐ Government oversight
- ☐ Centralized control by financial institutions
- ☐ Private ownership of the protocol
- ☐ The open-source and consensus-driven development process

14. **What is one of the key benefits of using Bitcoin?** \*

*Mark only one oval.*

- ☐ Financial sovereignty and empowerment
- ☐ Increased dependency on banks
- ☐ Government-backed security
- ☐ No need for private keys

15. **How does Bitcoin prevent counterfeit coins? \***

*Mark only one oval.*

- ☐ Banks regulate Bitcoin transactions
- ☐ The 21 million coin limit is enforced by code
- ☐ Government authorities oversee the network
- ☐ New bitcoins are printed when needed

16. **What is the smallest unit of Bitcoin called? \***

*Mark only one oval.*

- ☐ Bit
- ☐ MilliBTC
- ☐ Microcoin
- ☐ Satoshi

17. **What is the advantage of a peer-to-peer transaction? \***

*Mark only one oval.*

- ☐ Requires approval from a third party
- ☐ Requires government oversight
- ☐ No need for a bank or intermediary

18. **What is an escrow service in P2P platforms? \***

*Mark only one oval.*

- ☐ A secure way to hold funds until both parties fulfill their obligations
- ☐ A method to increase Bitcoin value
- ☐ A Bitcoin lending service
- ☐ A government-approved Bitcoin service

19. **What is a self-custodial wallet? \***

*Mark only one oval.*

- ☐ A wallet managed by an exchange
- ☐ A wallet that doesn't require a password
- ☐ A wallet where the user controls their private keys
- ☐ A wallet that is only used for mining

20. **What is an advantage of an open-source Bitcoin wallet? \***

*Mark only one oval.*

- ☐ The code can be reviewed and improved by the community
- ☐ It is controlled by a government agency
- ☐ It prevents all types of cyberattacks
- ☐ It guarantees fixed Bitcoin prices

21. **Why is it important to double-check the recipient's Bitcoin address before sending funds? \***

*Mark only one oval.*

- ☐ The Bitcoin network charges extra fees for errors
- ☐ Miners will reject incorrect transactions
- ☐ Transactions cannot be reversed once added to the blockchain
- ☐ The network will automatically correct errors

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23. **What is the safest way to transact with Bitcoin? \***

*Mark only one oval.*

- ☐ Sending an on-chain transaction
- ☐ Through a centralized exchange
- ☐ Using Lightning Network transactions
- ☐ Using a credit card



24. **What should a Bitcoin receiver do after receiving a transaction? \***

*Mark only one oval.*

- ☐ Send a confirmation message to the sender
- ☐ Request a refund if they received too much
- ☐ Wait for 24 hours before using the funds
- ☐ Verify that the amount matches what was sent

25. **What is a key benefit of saving in Bitcoin? \***

*Mark only one oval.*

- ☐ Bitcoin is controlled by governments
- ☐ Bitcoin transactions can be reversed if needed
- ☐ Bitcoin savings earn guaranteed interest
- ☐ Bitcoin protects against inflation and provides financial security

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