

THE CORE - BITCOIN DIPLOMA ASSIGNMENT ONE SEP - DEC 2024 (COHORT 5)

* Indicates required question

1. **What is money primarily used for? ***

Mark only one oval.

- ☐ As a way to exchange goods and services
- ☐ As a way to hoard wealth
- ☐ To prevent trade between countries
- ☐ To control global markets

2. **What gives money its value? ***

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- ☐ Its physical properties
- ☐ The number of bills in circulation
- ☐ How much it weighs
- ☐ Belief and trust in its worth

3. **What does fractional reserve banking allow banks to do? ***

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- ☐ Hold 100% of deposits in reserve
- ☐ Create new currency without limits
- ☐ Avoid government regulations
- ☐ Lend out a portion of deposits

4. **Which of the following is NOT a function of money? ***

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- ☐ Store of value
- ☐ Means of entertainment
- ☐ Unit of account
- ☐ Medium of exchange

5. **Which function of money allows people to compare the value of different goods and services? ***

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- ☐ Store of value
- ☐ Unit of account
- ☐ Durability
- ☐ Fungibility

6. **Why is divisibility an important characteristic of money? ***

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- ☐ It allows money to be broken into smaller units for various purchases
- ☐ It ensures money lasts over time
- ☐ It helps maintain its value in society
- ☐ It makes money difficult to counterfeit

7. **What did ancient civilizations use as currency before coins and paper bills? ***

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- ☐ Digital money
- ☐ Precious metals like gold
- ☐ Credit cards
- ☐ Bank notes

8. **In the barter system, what is necessary for trade to occur? A) One person must have more money ***

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- ☐ Double coincidence of wants
- ☐ A contract
- ☐ One person must have more money
- ☐ Banks must be involved

9. **What form of currency replaced bartering in many civilizations? ***

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- ☐ Paper money
- ☐ Digital currency
- ☐ Commodity money
- ☐ Bitcoin

10. **What was the main problem with using metal coins for trade? ***

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- ☐ They were heavy and inconvenient to carry
- ☐ They were too valuable
- ☐ They weren't accepted everywhere
- ☐ They were too small

11. **What practice did bankers engage in that undermined trust in paper money during the 17th century? ***

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- ☐ Storing too much gold
- ☐ Refusing to print paper money
- ☐ Giving away gold for free
- ☐ Issuing more paper receipts than the gold they had

12. **What agreement established the U.S. dollar as the world's reserve currency?** *

Mark only one oval.

- ☐ Treaty of Versailles
- ☐ World Trade Agreement
- ☐ Marshall Plan
- ☐ Bretton Woods Agreement

13. **What caused the Bretton Woods system to break down?** *

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- ☐ Overuse of gold
- ☐ World War I
- ☐ The Nixon Shock in 1971
- ☐ The rise of paper money

14. **What caused stagnated real wages and rising prices in modern times?** *

Mark only one oval.

- ☐ Digital money
- ☐ Use of gold
- ☐ Return to the gold standard
- ☐ Abuse of centralization and fiat currency

15. **What is the key characteristic of digital currency? ***

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- ☐ It exists solely in electronic form
- ☐ It is backed by gold
- ☐ It can be converted into coins
- ☐ It is only used in banks

16. **What system was in place before the fiat money system? ***

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- ☐ Digital currency
- ☐ Commodity-backed system
- ☐ Barter system
- ☐ Stock market system

17. **What event marked the shift away from the gold-backed dollar? ***

Mark only one oval.

- ☐ Bretton Woods Agreement
- ☐ Creation of the Federal Reserve
- ☐ World War II
- ☐ Nixon's suspension of the dollar's convertibility to gold

18. **What does the term "fiat" in fiat money mean? ***

Mark only one oval.

- ☐ Trade
- ☐ By decree
- ☐ Currency
- ☐ Exchange

19. **What key event in 1933 affected U.S. citizens' gold holdings? ***

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- ☐ Executive Order 6102 by President Roosevelt
- ☐ The Bretton Woods Agreement
- ☐ The Great Depression
- ☐ World War II

20. **Which law requires citizens to accept fiat money as payment? ***

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- ☐ Legal tender law
- ☐ Reserve requirement law
- ☐ Fractional reserve banking law
- ☐ Federal Reserve Act

21. **What was the consequence of the 1934 Gold Reserve Act? ***

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- ☐ Gold became illegal
- ☐ Fractional reserve banking ended
- ☐ Paper dollars were devalued
- ☐ The dollar became stronger

22. **What was the consequence of the 1934 Gold ReserveT Act? ***

Mark only one oval.

- ☐ Trust in the government
- ☐ Gold reserves
- ☐ Stock market performance
- ☐ International trade

23. **What happens when central banks rescue failing banks? ***

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- ☐ They lower taxes.
- ☐ They allow the banks to fail.
- ☐ They raise interest rates.
- ☐ They inject new currency or buy bank assets at a higher price.

24. **What is the phenomenon called when the money supply increases without a real increase in physical currency?** *

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- ☐ Fractional reserve lending
- ☐ Hyperinflation
- ☐ Deflation
- ☐ Full reserve banking

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