

THE CORE - BITCOIN DIPLOMA FINAL TEST OCT - DEC 2024

* Indicates required question

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

1 point

Mark only one oval.

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

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

1 point

Mark only one oval.

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

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

1 point

Mark only one oval.

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

4. **What does 'scarcity' refer to in the context of money? ***

1 point

Mark only one oval.

- ☐ The ability to trade
- ☐ The limited supply of money
- ☐ The durability of money

5. **What is fiat money? ***

1 point

Mark only one oval.

- ☐ Money issued by governments and accepted as legal tender
- ☐ Money backed by gold
- ☐ Money that can be exchanged for a commodity
- ☐ Digital money used for online payments

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

* 1 point

Mark only one oval.

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

7. **In the barter system, what is necessary for trade to occur? ***

1 point

Mark only one oval.

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

8. **What was one of the major inefficiencies of the barter system? ***

1 point

Mark only one oval.

- ☐ It was too fast
- ☐ It didn't allow for savings
- ☐ It used precious metals
- ☐ It required finding someone who wanted exactly what you had

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

1 point

Mark only one oval.

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

10. **What did the Industrial Revolution influence in the evolution of money**

* 1 point

Mark only one oval.

- ☐ The return to bartering
- ☐ The decline of banks
- ☐ The shift from sound to unsound money
- ☐ The increase in barter trade

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

1 point

Mark only one oval.

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

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

1 point

Mark only one oval.

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

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

1 point

Mark only one oval.

- ☐ Lend out a portion of deposits
- ☐ Create new currency without limits
- ☐ Keep the money
- ☐ Avoid government regulations

14. **What is one of the major risks of fiat money? ***

1 point

Mark only one oval.

- ☐ Hyperinflation risks
- ☐ Shortages of physical currency
- ☐ Counterparty risk
- ☐ Backing by gold

15. **What happens when everyone tries to withdraw their money at the same time in a fractional reserve system?**

* 1 point

Mark only one oval.

- ☐ The bank can easily handle the withdrawals.
- ☐ The bank runs out of money and may collapse.
- ☐ The central bank prints more money to cover withdrawals.
- ☐ The bank raises interest rates.

16. **What is monetary inflation? ***

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Mark only one oval.

- ☐ Increase in the money supply
- ☐ Decrease in money supply
- ☐ Increase in savings
- ☐ Decrease in goods and services

17. **What effect does an increase in the money supply have on purchasing power?**

* 1 point

Mark only one oval.

- ☐ It increases purchasing power
- ☐ It keeps purchasing power stable
- ☐ It decreases purchasing power
- ☐ It decreases goods available

18. **Which historical event led to the abandonment of the gold standard?**

* 1 point

Mark only one oval.

- ☐ Bretton Woods Agreement
- ☐ Stock Market Crash
- ☐ Federal Reserve Act
- ☐ Inflation of 1980s

19. **How does inflation benefit wealthy people ***

1 point

Mark only one oval.

- ☐ By reducing their taxes
- ☐ By allowing them to save more
- ☐ By increasing asset values they own
- ☐ By reducing their debts

20. **What is a possible long-term consequence of inflation on individuals' finances?**

* 1 point

Mark only one oval.

- ☐ Increase in purchasing power
- ☐ Stabilization of costs
- ☐ Decrease in asset prices
- ☐ Higher living expenses over time

21. **What is one negative effect of the fiat system on wealth distribution?**

* 1 point

Mark only one oval.

- ☐ Wealth is concentrated among a select few.
- ☐ Wealth is evenly distributed.
- ☐ Everyone has equal economic opportunities.
- ☐ The middle class grows significantly.

22. **How has the fiat system influenced people's outlook on the future?** * 1 point

Mark only one oval.

- ☐ They become more optimistic.
- ☐ They are encouraged to save more.
- ☐ They prioritize short-term gains over long-term planning.
- ☐ They have a strong sense of financial security.

23. **Who published the whitepaper titled "Bitcoin: A Peer-to-Peer Electronic Cash System"?** * 1 point

Mark only one oval.

- ☐ Hal Finney
- ☐ Satoshi Nakamoto
- ☐ Gavin Andresen
- ☐ Vitalik Buterin

24. **What was the main purpose of Bitcoin according to Nakamoto's whitepaper?** * 1 point

Mark only one oval.

- ☐ To enable government control over digital transactions
- ☐ To develop a highly profitable investment asset
- ☐ A peer-peer electronic cash system without intermediaries
- ☐ To facilitate a single world currency

25. **How is Bitcoin described in the text as a form of money? ***

1 point

Mark only one oval.

- ☐ Sound digital money
- ☐ A high-risk investment
- ☐ Government-backed currency
- ☐ A complex banking instrument

26. **What type of transaction allows you to exchange fiat for bitcoin directly with another individual? ***

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Mark only one oval.

- ☐ Bank transfers
- ☐ Centralized exchange
- ☐ Peer-to-peer (P2P)
- ☐ Government-issued bonds

27. **Why might centralized exchanges pose a risk? ***

1 point

Mark only one oval.

- ☐ They hold personal information and bitcoin for users
- ☐ They are too complex to use
- ☐ They don't support bitcoin
- ☐ They don't allow fiat exchanges

28. **In a self-custodial wallet, where should the recovery phrase be kept?**

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Mark only one oval.

- ☐ Publicly online
- ☐ In a secure location
- ☐ In the wallet interface
- ☐ On a social media account

29. **What is one function of a Bitcoin wallet? ***

1 point

Mark only one oval.

- ☐ To print bitcoins
- ☐ To check USD balances
- ☐ To send and receive transactions
- ☐ To interact with banks directly

30. **Who verifies Bitcoin transactions on the network? ***

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Mark only one oval.

- ☐ Miners around the world
- ☐ Central banks
- ☐ Peer-to-peer customers
- ☐ Wallet service providers

31. **What is required for someone to send you bitcoins? ***

1 point

Mark only one oval.

- ☐ Your full name and email address
- ☐ Your Bitcoin address and amount to be sent
- ☐ Your Bitcoin wallet and amount to be sent
- ☐ A bank account number

32. **What does a sender need to send a Bitcoin transaction? ***

1 point

Mark only one oval.

- ☐ A bank account, phone number, and security code
- ☐ Wallet address only
- ☐ Recipient's full name and address
- ☐ Email address

33. **What is one of the main advantages of saving in Bitcoin? ***

1 point

Mark only one oval.

- ☐ It can only be stored online for security
- ☐ It has no transaction fees
- ☐ It safeguards against inflation and allows wealth building over time
- ☐ It can be controlled by anyone at any time

34. **What is the smallest unit of Bitcoin called? ***

1 point

Mark only one oval.

- ☐ Satoshi
- ☐ Microbitcoin
- ☐ Bit
- ☐ Nanobit

35. **What is the Lightning Network best described as? ***

1 point

Mark only one oval.

- ☐ A replacement for Bitcoin
- ☐ A new cryptocurrency
- ☐ A second-layer payment protocol
- ☐ A centralized transaction processor

36. **How does the Lightning Network help Bitcoin transactions? ***

1 point

Mark only one oval.

- ☐ By increasing the value of Bitcoin
- ☐ By enabling faster and cheaper transactions
- ☐ By preventing fraud
- ☐ By eliminating the need for wallets

37. **What type of transactions occur directly on the Bitcoin blockchain? *** 1 point

Mark only one oval.

- ☐ Lightning transactions
- ☐ Off-chain transactions
- ☐ Peer-to-peer transactions
- ☐ On-chain transactions

38. **What is a disadvantage of on-chain transactions? *** 1 point

Mark only one oval.

- ☐ High fees and slower speed
- ☐ Lack of transparency
- ☐ Lack of scalability
- ☐ No financial inclusion

39. **What is the main advantage of public-key cryptography? *** 1 point

Mark only one oval.

- ☐ Faster transaction processing
- ☐ Centralized control
- ☐ Secure communication without sharing secret keys

40. **What does the term “immutable” mean in the context of Bitcoin transactions?**

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Mark only one oval.

- ☐ Cannot be changed
- ☐ Easy to edit
- ☐ Temporarily stored
- ☐ Secure communication without sharing secret keys

41. **What is the UTXO model in Bitcoin? ***

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Mark only one oval.

- ☐ A system for encrypting keys
- ☐ A method for broadcasting transactions
- ☐ A system for tracking unspent transaction outputs
- ☐ A way to generate private keys

42. **What is the "Mempool" in the Bitcoin network? ***

1 point

Mark only one oval.

- ☐ What is the "Mempool" in the Bitcoin network?
- ☐ A record of rejected transactions
- ☐ A special wallet for miners
- ☐ A waiting area for unconfirmed transactions

43. **What is the maximum supply of bitcoins that can ever exist? ***

1 point

Mark only one oval.

- ☐ 21 million
- ☐ 50 million
- ☐ 1 billion
- ☐ Unlimited

44. **What is the primary purpose of Bitcoin ***

1 point

Mark only one oval.

- ☐ To centralize monetary systems
- ☐ To restore power to the people and promote financial freedom
- ☐ To control global monetary policies

45. **How does Bitcoin promote financial freedom? ***

1 point

Mark only one oval.

- ☐ By providing a secure, censorship-resistant platform for value transfer
- ☐ By imposing strict rules on transaction spending
- ☐ By enabling governments to control spending habits

46. **What is a significant danger of CBDCs ***

1 point

Mark only one oval.

- ☐ Governments can monitor and control every transaction globally
- ☐ They provide complete transaction privacy
- ☐ CBDCs eliminate the need for monetary policies
- ☐ They make international trade impossible

47. **How does Bitcoin mining contribute to energy efficiency? ***

1 point

Mark only one oval.

- ☐ By wasting surplus energy
- ☐ By incentivizing the use of surplus energy from sustainable sources
- ☐ By reducing the need for electricity in other industries
- ☐ By centralizing energy usage in urban areas

48. **What is the concept of “hyperbitcoinization”? ***

1 point

Mark only one oval.

- ☐ The dominance of Bitcoin as the global monetary system
- ☐ The regulation of Bitcoin by centralized authorities
- ☐ The replacement of fiat currencies by CBDCs
- ☐ The complete ban of Bitcoin in developed countries

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