

# THE CORE - BITCOIN DIPLOMA

## APRIL - JUNE 2024 COHORT

### ASSIGNMENT TWO

\* Indicates required question

1. **What category of money lacks tangible asset backing and is mandated by law?**

\* 1 point

*Mark only one oval.*

- ☐ Commodity
- ☐ Gold standard
- ☐ Fiat Money

2. **How do banks primarily make a profit in the fiat system?** \*

1 point

*Mark only one oval.*

- ☐ By printing more money
- ☐ By investing in tangible assets
- ☐ By charging interest on loans

3. **What does the multiplier effect refer to in the context of fractional reserve banking?**

\* 1 point

*Mark only one oval.*

- ☐ The total money supply growing from initial deposits
- ☐ Banks repurchasing assets to prevent collapse
- ☐ The expansion of central bank intervention

4. **What is monetary inflation?** \*

1 point

*Mark only one oval.*

- ☐ The increase in the money supply within an economy
- ☐ The stabilization of the money supply within an economy
- ☐ The regulation of interest rates within an economy

5. **What is the impact of inflation on purchasing power?** \*

1 point

*Mark only one oval.*

- ☐ Increase in purchasing power
- ☐ Decrease in purchasing power
- ☐ Stabilization of purchasing power

6. **Why do people in today's world tend to spend money immediately?** \*

1 point

*Mark only one oval.*

- ☐ Due to rapid decrease in the value of money
- ☐ Due to increased long-term planning
- ☐ Due to increased savings opportunities

7. **Why do people find themselves working more jobs and longer hours under the fiat system?** \*

1 point

*Mark only one oval.*

- ☐ Due to decreased demand for labor
- ☐ Due to decreased competition in the job market
- ☐ Due to rising costs of living

8. **What does the fiat system instill in individuals?** \*

1 point

*Mark only one oval.*

- ☐ Long-term planning skills
- ☐ High time-preference
- ☐ Risk-averse behavior

9. **What is a central feature of Bitcoin's design?** \*

1 point

*Mark only one oval.*

- ☐ Centralized control by a government entity
- ☐ Fixed exchange rate with fiat currencies
- ☐ Decentralization and transparency

10. **What is the primary advantage of a decentralized financial system, ?** \* 1 point

*Mark only one oval.*

- ☐ Enhanced resilience and independence
- ☐ Simplified monetary policy implementation
- ☐ Decreased individual sovereignty and autonomy

11. **What system, developed by Adam Back, was designed to limit email spam and denial-of-service attacks?** \* 1 point

*Mark only one oval.*

- ☐ DigiCash
- ☐ Bit Gold
- ☐ HashCash

12. **What was the primary goal of the Cypherpunks?** \*

1 point

*Mark only one oval.*

- ☐ Pursue privacy and decentralization
- ☐ Increase government surveillance
- ☐ Expand centralized control

13. **Who is the anonymous creator of Bitcoin?** \*

1 point

*Mark only one oval.*

- ☐ Nick Szabo
- ☐ Satoshi Nakamoto
- ☐ Adam Back

14. **What significant event marked the official launch of the Bitcoin network?** \*

1 point

*Mark only one oval.*

- ☐ Bitcoin's first transaction
- ☐ Satoshi Nakamoto's identity revealed
- ☐ Mining of the genesis block

15. **How many bitcoins will there ever be, according to Bitcoin's rules?** \*

1 point

*Mark only one oval.*

- ☐ 21 million
- ☐ 50 million
- ☐ 100 million

16. **What is the smallest unit of a bitcoin ? \***

1 point

*Mark only one oval.*

- ☐ Satoshi
- ☐ Micro-bitcoin
- ☐ Milli-bitcoin

17. **In a peer-to-peer (P2P) transaction, who are the participants involved? \***

1 point

*Mark only one oval.*

- ☐ Online marketplaces
- ☐ Two individuals directly exchanging Bitcoin
- ☐ Government agencies

18. **What does it mean to have a self-custodial Bitcoin wallet? \***

1 point

*Mark only one oval.*

- ☐ You have full control over your private keys
- ☐ The wallet is managed by a bank
- ☐ A third party controls your Bitcoin

19. **Which type of Bitcoin wallet provides the highest security but can be lost if the physical record is misplaced? \***

1 point

*Mark only one oval.*

- ☐ Online wallet
- ☐ Mobile wallet
- ☐ Paper wallet

20. **Why is open-source code important for Bitcoin wallets?** \*

1 point

*Mark only one oval.*

- ☐ It makes the wallet user-friendly
- ☐ It allows the community to review and develop the code
- ☐ It reduces transaction fees

21. **Which of the following steps is necessary when setting up a self-custodial Bitcoin wallet?** \*

1 point

*Mark only one oval.*

- ☐ Generating a recovery phrase and private key
- ☐ Providing personal identification
- ☐ Creating an account with a provider

22. **What happens once a Bitcoin transaction is verified by nodes on the network?** \*

1 point

*Mark only one oval.*

- ☐ It is held in escrow
- ☐ The transaction is reversed
- ☐ It is added to the blockchain

23. **What is the main benefit of using a hardware Bitcoin wallet?** \*

1 point

*Mark only one oval.*

- ☐ Easy to recover if lost
- ☐ Provides customer support
- ☐ Very secure and can be used offline

24. **What should you always do before sending a Bitcoin transaction?** \* 1 point

*Mark only one oval.*

- ☐ Call the recipient to confirm
- ☐ Transfer funds to a bank account
- ☐ Double-check the transaction details

25. **What concept emphasizes the importance of independently verifying information in the Bitcoin ecosystem?** \* 1 point

*Mark only one oval.*

- ☐ Centralized control
- ☐ Don't Trust, Verify
- ☐ Quick and easy profits

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