

THE CORE - BITCOIN DIPLOMA ASSIGNMENT 1 JULY- SEP 2025 (COHORT 7)

* Indicates required question

1. **What is one of the main functions of money? ***

Mark only one oval.

- ☐ It increases the price of goods
- ☐ It stores value over time
- ☐ It loses value quickly
- ☐ It creates new jobs

2. **What allows people to compare prices easily using money? ***

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- ☐ Unit of Account
- ☐ Durability
- ☐ Acceptability
- ☐ Portability

3. **What does "Store of Value" mean? ***

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- ☐ Money maintains its value over time
- ☐ Money must be heavy
- ☐ Money loses value quickly
- ☐ Money can only be used once

4. **What makes money easier to carry and use in different places? ***

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- ☐ Scarcity
- ☐ Divisibility
- ☐ Portability
- ☐ Acceptability

5. **What is an example of representative money? ***

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- ☐ Bitcoin
- ☐ Paper napkin
- ☐ Gold nugget
- ☐ Silver certificate

6. **What kind of money has intrinsic value? ***

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- ☐ Digital currency
- ☐ Commodity money
- ☐ Fiat money
- ☐ Gift cards

7. **What is time preference? ***

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- ☐ Preference for getting something now vs. later
- ☐ Preference for using credit only
- ☐ Time it takes to earn money
- ☐ Amount of time money is used

8. **Why is bartering inefficient? ***

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- ☐ It uses metal coins
- ☐ It requires loans
- ☐ It needs a double coincidence of wants
- ☐ It always involves three people

9. What helped societies move from bartering to coinage? *

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- ☐ Internet banking
- ☐ Industrial revolution
- ☐ Rise of digital payments
- ☐ Growing trade and commerce

10. What was one major drawback of using metal coins? *

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- ☐ They couldn't be trusted at all
- ☐ They decayed over time
- ☐ They were only accepted in cities
- ☐ They were heavy and inconvenient for large transactions

11. Why did paper receipts start being used? *

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- ☐ To create a more portable and transferable form of money
- ☐ To prevent theft
- ☐ To control the population
- ☐ To replace banks

12. **Early paper receipts were backed by: ***

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- ☐ Political promises
- ☐ Trust in government
- ☐ Gold and other precious metals
- ☐ Commodity baskets

13. **What practice led to banks issuing more receipts than gold ***

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- ☐ Inflation targeting
- ☐ Hyperinflation
- ☐ Fractional reserve banking
- ☐ Coin hoarding

14. **What event ended the Bretton Woods system? ***

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- ☐ Nixon Shock of 1971
- ☐ World War II
- ☐ Great Depression
- ☐ Moon landing

15. **After 1971, money became: ***

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- ☐ Backed by gold
- ☐ Backed by silver
- ☐ Backed by oil reserves
- ☐ Fiat currency not backed by physical commodities

16. **In a fiat system, the value of money depends on: ***

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- ☐ Quantity of gold reserves
- ☐ Trust and government policies
- ☐ Availability of shells
- ☐ International treaties only

17. **What is one result of fiat money systems? ***

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- ☐ Debt accumulation and economic instability
- ☐ Universal prosperity
- ☐ Gold-backed stability
- ☐ Easier commodity trade

18. **What caused bank runs before the Federal Reserve was formed? ***

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- ☐ People overspending
- ☐ Government closures
- ☐ Banks lending money they didn't have in gold
- ☐ Inflation

19. **How did governments and banks respond to the threat of bank runs? ***

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- ☐ They banned banks
- ☐ They created a central bank
- ☐ They printed more gold
- ☐ They reduced lending

20. **What did early banks originally aim to do? ***

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- ☐ Take gold from people
- ☐ Print new money
- ☐ Replace gold with paper
- ☐ Safeguard clients' money

21. **What marked the beginning of today's fiat system? ***

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- ☐ Ending the redeemability of USD for gold
- ☐ Starting gold mining
- ☐ Creating the Euro
- ☐ Removing paper money

22. **What is the "multiplier effect" in banking? ***

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- ☐ When banks multiply interest rates
- ☐ When loans are paid back faster than expected
- ☐ When one deposit leads to multiple loans, increasing the money supply
- ☐ When multiple banks combine to make a loan

23. **What happens when central banks lower the reserve requirement ratio to 0%? ***

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- ☐ Banks can lend out all deposited money
- ☐ Money creation stops
- ☐ Banks must hold all deposits as reserves
- ☐ Inflation decreases

24. **Who are the four main players controlling the fiat system? ***

Mark only one oval.

- ☐ Citizens, banks, corporations, and investors
- ☐ IMF, World Bank, Central Bank, and stock traders
- ☐ Government, wealthy individuals, financial sector, and central bank
- ☐ Politicians, entrepreneurs, the military, and local banks

25. **What role does the central bank play in the fiat system? ***

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- ☐ It collects taxes from citizens
- ☐ It approves all bank loans
- ☐ It prints money and stores it in vaults
- ☐ It controls monetary policy and money supply

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