

THE CORE- BITCOIN DIPLOMA

APRIL- JUNE 2024 COHORT FINAL

TEST

* Indicates required question

1. **Money allows us to avoid bartering by providing...** *

1 point

Mark only one oval.

- ☐ Physical object
- ☐ Medium of exchange
- ☐ Financial contract
- ☐ Market system

2. **Which of the following is a function of money mentioned in the text?**

* 1 point

Mark only one oval.

- ☐ Creating debts
- ☐ Unit of account
- ☐ Managing resources
- ☐ Generating income

3. **Which characteristic of money ensures it can be divided into smaller units for transactions?** * 1 point

Mark only one oval.

- ☐ Divisibility
- ☐ Durability
- ☐ Portability
- ☐ Acceptability

4. **what does time preference refer to?** * 1 point

Mark only one oval.

- ☐ The importance of saving money
- ☐ Preference for immediate gains over future benefits
- ☐ Allocating resources efficiently
- ☐ Choosing between different types of currency

5. **What was one of the benefits of bartering according to the text?** * 1 point

Mark only one oval.

- ☐ Direct exchange of goods and services
- ☐ Use of metal coins
- ☐ Adoption of paper money
- ☐ Efficient large transactions

6. **How did the community address the issues with metal coins?** *

1 point

Mark only one oval.

- ☐ Returned to bartering
- ☐ Started using paper receipts
- ☐ Adopted electronic money
- ☐ Used plastic cards

7. **What happened in 1971 that marked the end of the gold standard?** *

1 point

Mark only one oval.

- ☐ Adoption of plastic cards
- ☐ Start of the Bretton Woods System
- ☐ Introduction of Bitcoin
- ☐ Nixon Shock

8. **What is a characteristic of fiat currency as mentioned in the text?** *

1 point

Mark only one oval.

- ☐ Not backed by a physical commodity
- ☐ Backed by gold
- ☐ Fixed value
- ☐ Heavy and inconvenient to carry

9. **What did President Roosevelt's Executive Order 6102 require citizens to do?** * 1 point

Mark only one oval.

- ☐ Exchange silver for gold
- ☐ Surrender their gold
- ☐ Accept fiat money voluntarily
- ☐ Return paper certificates

10. **What is one of the cons of fiat money?** * 1 point

Mark only one oval.

- ☐ It is backed by physical commodities
- ☐ It cannot be manipulated
- ☐ It poses inflation risks
- ☐ It guarantees stability

11. **Who primarily benefits from the fiat system?** * 1 point

Mark only one oval.

- ☐ The middle class
- ☐ The lower class
- ☐ Everyday citizens equally
- ☐ The government, wealthy individuals, the financial sector, and the central bank

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

1 point

Mark only one oval.

- ☐ Lend out a significant portion of their clients' deposits
- ☐ Keep all deposits as reserves
- ☐ Avoid lending money
- ☐ Only lend what they have in vaults

13. **What does "fiat" mean in the context of fiat money?** *

1 point

Mark only one oval.

- ☐ Wealth
- ☐ Trust
- ☐ Commodity
- ☐ By decree

14. **Who acts as the lender of last resort in the fiat system?** *

1 point

Mark only one oval.

- ☐ Commercial banks
- ☐ The central bank
- ☐ Wealthy individuals
- ☐ The government

15. **What is monetary inflation?** *

1 point

Mark only one oval.

- ☐ Decrease in money supply
- ☐ Increase in money supply
- ☐ Decrease in demand for goods
- ☐ Increase in the value of money

16. **What is the main impact of inflation on individuals?** *

1 point

Mark only one oval.

- ☐ Increase in purchasing power
- ☐ No impact on purchasing power
- ☐ Decrease in purchasing power
- ☐ Increase in savings

17. **What happened to the winning bids for candy bars when the money supply increased?** * 1 point*Mark only one oval.*

- ☐ Winning bids decreased
- ☐ Winning bids stayed the same
- ☐ There were no winning bids
- ☐ Winning bids increased

18. **Winning bids increased** *

1 point

Mark only one oval.

- ☐ It promotes economic mobility
- ☐ It suppresses economic mobility
- ☐ It ensures fair distribution of wealth
- ☐ It has no significant impact

19. **What psychological impact does the fiat system have on individuals?**

* 1 point

Mark only one oval.

- ☐ Promotes savings
- ☐ Encourages long-term planning
- ☐ Reduces the need for credit
- ☐ Instills a high time-preference

20. **What was one of the main goals of the Cypherpunks?** *

1 point

Mark only one oval.

- ☐ To increase government surveillance
- ☐ To establish centralized banks
- ☐ To protect individual liberties through cryptography
- ☐ To eliminate the use of encryption

21. **Who is the anonymous creator of Bitcoin?** *

1 point

Mark only one oval.

- ☐ Satoshi Nakamoto
- ☐ Vitalik Buterin
- ☐ Charles Hoskinson
- ☐ Gavin Andresen

22. **In what year was the Bitcoin whitepaper published?** *

1 point

Mark only one oval.

- ☐ 2005
- ☐ 2008
- ☐ 2010
- ☐ 2012

23. **What was the title of the Bitcoin whitepaper?** *

1 point

Mark only one oval.

- ☐ "Digital Gold: A New Era of Money"
- ☐ "Decentralized Finance for the Future"
- ☐ "Cryptocurrency: A Revolution in Finance"
- ☐ "Bitcoin: A Peer-to-Peer Electronic Cash System"

24. **When was the first Bitcoin block, known as the 'genesis block,' mined?**

* 1 point

Mark only one oval.

- ☐ January 3, 2009
- ☐ December 31, 2008
- ☐ January 10, 2009
- ☐ February 1, 2009

25. **Which country is mentioned as having adopted Bitcoin as legal tender?**

* 1 point

Mark only one oval.

- ☐ Malta
- ☐ El Salvador
- ☐ Japan
- ☐ Switzerland

26. **What does Bitcoin empower users to do? ***

1 point

Mark only one oval.

- ☐ Engage in direct peer-to-peer transactions
- ☐ Avoid using any form of digital currency
- ☐ Invest in traditional stocks
- ☐ Rely on banks and governments

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

1 point

Mark only one oval.

- ☐ Satoshi
- ☐ Nanobit
- ☐ Microbitcoin
- ☐ Bitcent

28. **What is the role of a private key in a Bitcoin wallet?** *

1 point

Mark only one oval.

- ☐ It verifies the authenticity of the Bitcoin network
- ☐ It stores bitcoins offline for security purposes
- ☐ It allows the user to sign transactions and control their bitcoins

29. **Explain the difference between self-custodial and custodial wallets in Bitcoin.** * 1 point

Mark only one oval.

- ☐ Self-custodial wallets store bitcoins on a hardware device; Custodial wallets use online servers.
- ☐ Self-custodial wallets provide full control of private keys; Custodial wallets rely on third parties.
- ☐ Self-custodial wallets lets users to manage private keys; Custodial wallets manage keys on behalf of users.
- ☐ Self-custodial wallets are more expensive; Custodial wallets are free to use.

30. **What are the advantages of using a hardware wallet for storing Bitcoin?** * 1 point

Mark only one oval.

- ☐ High accessibility from any device
- ☐ Low transaction fees
- ☐ Integration with multiple exchanges
- ☐ Enhanced security due to offline storage

31. **What factors should you consider when choosing a Bitcoin wallet?** * 1 point

Mark only one oval.

- ☐ Ease of use, security, and control over private keys
- ☐ Transaction speed and customer support
- ☐ Availability of fiat currency exchange
- ☐ Mobile app ratings and user testimonials

32. **Why is it important to secure your recovery phrase when setting up a Bitcoin wallet?** * 1 point

Mark only one oval.

- ☐ To increase transaction limits
- ☐ To avoid transaction fees
- ☐ To enable multi-device access
- ☐ To recover access to funds if the wallet is lost

33. **What is the role of miners in the Bitcoin transaction process?** * 1 point

Mark only one oval.

- ☐ Auditing transaction histories
- ☐ Adding new transactions to the blockchain
- ☐ Creating private keys for wallets
- ☐ Verifying user identities

34. **Explain the concept of an "on-chain" Bitcoin transaction.** * 1 point

Mark only one oval.

- ☐ Transactions processed through Lightning Network
- ☐ Transactions verified without network nodes
- ☐ Transactions managed by a centralized exchange
- ☐ Transactions recorded directly on the main Bitcoin blockchain

35. **What does the phrase "Don't Trust, Verify" mean in the context of Bitcoin?** * 1 point

Mark only one oval.

- ☐ Relying on financial institutions for Bitcoin transactions
- ☐ Independently verifying information and transactions
- ☐ Sharing private keys for increased security
- ☐ Using centralized exchanges for fund management

36. **How many satoshis make up one bitcoin?** *

1 point

Mark only one oval.

- ☐ 1,000,000
- ☐ 10,000,000
- ☐ 100,000,000
- ☐ 1,000,000,000

37. **What is the Lightning Network primarily used for?** *

1 point

Mark only one oval.

- ☐ Decentralized mining
- ☐ Storing bitcoins securely
- ☐ Fast and cheap transactions
- ☐ Creating new bitcoins

38. **Why is using open-source Lightning wallets recommended?** *

1 point

Mark only one oval.

- ☐ They offer more features
- ☐ They have lower transaction fees
- ☐ They are open for community review
- ☐ They have faster transaction times

39. **What is the Bitcoin ledger?** *

1 point

Mark only one oval.

- ☐ A centralized database
- ☐ A public record with personal details
- ☐ A physical storage device
- ☐ A pseudonymous record of transactions

40. **What role does public key cryptography play in Bitcoin transactions?**

* 1 point

Mark only one oval.

- ☐ Creates digital signatures
- ☐ Generates Bitcoin addresses
- ☐ Secures Bitcoin wallets
- ☐ Encrypts Bitcoin messages

41. **What does UTXO stand for in Bitcoin transactions?** *

1 point

Mark only one oval.

- ☐ Unidentified Transaction Outcome
- ☐ Unverified Transaction Operation
- ☐ Unspent Transaction Output
- ☐ Unregulated Transaction Oversight

42. **What role do Bitcoin nodes play in the network?** *

1 point

Mark only one oval.

- ☐ Generating new bitcoins
- ☐ Storing private keys
- ☐ Validating transactions
- ☐ Securing the blockchain

43. **Which cryptographic function is primarily used in Bitcoin for hashing?**

* 1 point

Mark only one oval.

- ☐ SHA-128
- ☐ SHA-256
- ☐ MD5
- ☐ AES

44. **What does "hyperbitcoinization" refer to?** *

1 point

Mark only one oval.

- ☐ The decline of Bitcoin usage
- ☐ Bitcoin becoming the dominant global monetary system
- ☐ Bitcoin being used only in the USA
- ☐ Bitcoin being controlled by governments

45. **How does Bitcoin's fixed supply benefit its users?** *

1 point

Mark only one oval.

- ☐ Protects purchasing power by preventing inflation
- ☐ Allows for unlimited spending
- ☐ Enables government control over money
- ☐ Increases the supply based on demand

46. **What is one of the main philosophies of Bitcoin?** *

1 point

Mark only one oval.

- ☐ Empowerment and financial independence
- ☐ Centralized control and regulation
- ☐ Variable monetary policy
- ☐ Unlimited supply and inflation

47. **What is the primary focus of Bitcoin's philosophy?** *

1 point

Mark only one oval.

- ☐ Centralized monetary policy
- ☐ Government control over transactions
- ☐ Unlimited supply and inflation management
- ☐ Financial independence and collective empowerment

48. **How can Bitcoin contribute to a self-sovereign future?** *

1 point

Mark only one oval.

- ☐ By providing full control over digital identity and assets
- ☐ By reducing financial inclusion
- ☐ By centralizing financial power
- ☐ By increasing government control

49. **Why is Bitcoin considered a reliable store of value?** *

1 point

Mark only one oval.

- ☐ Its value is controlled by governments
- ☐ It has an unlimited supply
- ☐ Its value decreases over time
- ☐ Its digital scarcity ensures long-term value retention

50. **What is one major advantage of running your own Bitcoin node?** *

1 point

Mark only one oval.

- ☐ Gaining centralized control
- ☐ Increasing personal wealth automatically
- ☐ Supporting the network and keeping it secure
- ☐ Reducing the supply of Bitcoin

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