

THE CORE- BITCOIN DIPLOMA JAN - MARCH 2024 COHORT FINAL TEST

* Indicates required question

1. **What makes one bill desirable and another as good as trash, according to the Bitcoin Diploma** * 1 point

Mark only one oval.

- ☐ Color of the bill
- ☐ Size of the bill
- ☐ Belief in the value of the bill

2. **According to the Bitcoin Diploma, what does time preference refer to?** * 1 point

Mark only one oval.

- ☐ Preference for a specific time zone
- ☐ Preference for immediate gratification or long-term planning
- ☐ Preference for specific moments in history

3. **What is the main focus of Bitcoin as suggested in the text** * 1 point

Mark only one oval.

- ☐ By introducing centralized scarcity
- ☐ Potential to change the financial system
- ☐ Immediate gratification

4. **What are the benefits of the barter system, as highlighted in the text?** * 1 point

Mark only one oval.

- ☐ Efficient and convenient
- ☐ Easy to manage in complex societies
- ☐ Direct exchange of goods and services

5. **What drawbacks to using barter are mentioned based on the class exercise experience?** * 1 point

Mark only one oval.

- ☐ Lack of social interaction
- ☐ Double coincidence of wants
- ☐ Limited diversity in goods

6. **How did the use of paper receipts address the drawbacks associated with metal coins in the text?** * 1 point

Mark only one oval.

- ☐ More portable and easily transferable
- ☐ Enhanced durability for long-term use
- ☐ Intrinsic value backed by precious metals

7. **What is Purchasing Power? ***

1 point

Mark only one oval.

- ☐ The ability to buy luxury items.
- ☐ The amount of goods or services that can be bought with a given amount of money.
- ☐ The amount of money in circulation

8. **What is a Ledger used for? ***

1 point

Mark only one oval.

- ☐ Keeping track of monetary transactions
- ☐ Writing daily thoughts.
- ☐ Recording personal memories.

9. **How does Inflation affect Purchasing Power? ***

1 point

Mark only one oval.

- ☐ It decreases it.
- ☐ It increases it.
- ☐ It has no effect on it.

10. **What is the Time Value of Money? ***

1 point

Mark only one oval.

- ☐ The concept that money has no value over time.
- ☐ The idea that money is worth more in the present than in the future.
- ☐ The belief that money should be saved for a specific duration.

11. **What motivated the creation of Bitcoin by the Cypherpunks? ***

1 point

Mark only one oval.

- ☐ Desire for fame and recognition.
- ☐ Pressure from financial institutions.
- ☐ Belief in the power of technology to bring about positive change.

12. **What is a drawback of centralized systems mentioned in the Bitcoin Diploma ***

1 point

Mark only one oval.

- ☐ Transparency and trust.
- ☐ Lack of autonomy for individuals
- ☐ Resilience to failures.

13. **What is a characteristic of decentralized systems mentioned in the text? ***

1 point

Mark only one oval.

- ☐ Dependence on a single point of control.
- ☐ Centralized decision-making.
- ☐ More resilience due to no single point of failure.

14. **In the decentralized consensus game, what is the role of a good actor?** * 1 point

Mark only one oval.

- ☐ To work with others to verify information and achieve consensus
- ☐ To blindly trust others in the network.
- ☐ To mislead and sabotage the process

15. **What is the key feature of Rai stones on Yap Island?** * 1 point

Mark only one oval.

- ☐ Unlimited supply.
- ☐ Scarcity, making them difficult to reproduce or inflate
- ☐ Centralized control.

16. **How are transactions with Rai stones on Yap Island recorded?** * 1 point

Mark only one oval.

- ☐ Using modern banking systems
- ☐ Using modern banking system
- ☐ Based on oral history and trust.

17. **How does a decentralized system operate effectively, according to the text?** * 1 point

Mark only one oval.

- ☐ By having a set of clear, transparent rules that everyone agrees to follow.
- ☐ By promoting a single central authority.
- ☐ By relying on personal relationships and subjective trust.

18. **What technological innovation revolutionized the way economic transactions are conducted?**

* 1 point

Mark only one oval.

- ☐ Centralized systems.
- ☐ Traditional ledger systems
- ☐ Bitcoin

19. **Who is Satoshi Nakamoto? ***

1 point

Mark only one oval.

- ☐ A Japanese tech enthusiast
- ☐ The creator of Bitcoin
- ☐ All of the above

20. **When was the "Bitcoin Whitepaper" published? ***

1 point

Mark only one oval.

- ☐ 2010
- ☐ 2011
- ☐ 2008

21. **What was Satoshi Nakamoto's goal for Bitcoin? ***

1 point

Mark only one oval.

- ☐ Decentralized digital currency
- ☐ Centralized digital currency
- ☐ Government-controlled currency

22. **Who are some influential figures mentioned as having input into Bitcoin's creation?** * 1 point

Mark only one oval.

- ☐ Elon Musk and Mark Zuckerberg
- ☐ Wei Dai and Nick Szabo
- ☐ Tim Berners-Lee and Linus Torvalds

23. **How is bitcoin (lowercase "b") different from Bitcoin (capital "B")?** * 1 point

Mark only one oval.

- ☐ Both refer to the same thing
- ☐ Bitcoin is a person; bitcoin is a concept
- ☐ bitcoin is the currency; Bitcoin is the network

24. **What is the conversion rate of bitcoin to satoshis?** * 1 point

Mark only one oval.

- ☐ 1 BTC = 1,000,000 sats
- ☐ 1 BTC = 100 sats
- ☐ BTC = 100,000,000 sats

25. **Can Bitcoin be shut down by governments?** * 1 point

Mark only one oval.

- ☐ No, it's decentralized
- ☐ Only temporarily
- ☐ Only in specific countries

26. **What is the symbol for bitcoin? ***

1 point

Mark only one oval.

☐ \$BTC

☐ #BTC

☐ BTC

27. **What is a key advantage of Bitcoin in terms of being a medium of exchange? ***

* 1 point

Mark only one oval.

☐ Cross-Border Efficiency

☐ Government Regulations

☐ High Transaction Fees

28. **What is the main purpose of a bitcoin wallet? ***

1 point

Mark only one oval.

☐ To store physical cash

☐ To manage personal PINs

☐ Allows you to manage your bitcoin

29. **How does a bitcoin wallet differ from a traditional bank account? ***

1 point

Mark only one oval.

☐ Bitcoin wallets are decentralized and operate on a person-to-person network

☐ Bitcoin wallets have recovery phrases like traditional banks

☐ Bitcoin wallets are centralized and regulated

30. **In a self-custodial wallet, who holds the private keys? ***

1 point

Mark only one oval.

- ☐ A third-party provider
- ☐ The bank
- ☐ The user

31. **What is the purpose of the saying "Not your keys, not your coins"? ***

1 point

Mark only one oval.

- ☐ To emphasize the importance of having direct control over private keys
- ☐ To promote custodial wallets
- ☐ To discourage the use of recovery phrases

32. **What should users consider when choosing a bitcoin wallet? ***

1 point

Mark only one oval.

- ☐ The wallet's popularity on social media
- ☐ The wallet's color preferences
- ☐ The wallet's control over private keys, security, and fees

33. **What does the Lightning Network provide in terms of financial transactions? ***

* 1 point

Mark only one oval.

- ☐ Quick, cheap, and confidential transactions
- ☐ Slow and expensive transactions
- ☐ Transactions exclusively in traditional fiat currencies

34. **How does the Lightning Network handle transactions compared to the main Bitcoin blockchain?** * 1 point

Mark only one oval.

- ☐ It broadcasts all transactions to the Bitcoin's blockchain
- ☐ It handles most transactions Layer 2 of the Bitcoin Network
- ☐ It operates independently from the Bitcoin blockchain

35. **In Bitcoin, what is the purpose of the "mempool"?** * 1 point

Mark only one oval.

- ☐ Storing private keys
- ☐ Storing backup copies of the blockchain
- ☐ Managing unconfirmed transactions

36. **What role do miners play in the Bitcoin network?** * 1 point

Mark only one oval.

- ☐ To verify and add transactions to the blockchain
- ☐ To hold private keys for all users
- ☐ To control the mempool

37. **What is the significance of a "hard fork" in the context of blockchain?** * 1 point

Mark only one oval.

- ☐ It's a software bug
- ☐ It's a mining pool
- ☐ It's a software upgrade requiring all nodes to update

38. **How is the total computing power of the Bitcoin network measured?** * 1 point

Mark only one oval.

- ☐ Megabytes per second
- ☐ Hashes per second
- ☐ Transactions per block

39. **What is the primary purpose of a "private key" in Bitcoin** * 1 point

Mark only one oval.

- ☐ To identify a user on the blockchain
- ☐ To facilitate public key encryption
- ☐ To access and control funds

40. **What is the "51% attack" in the context of blockchain security?** * 1 point

Mark only one oval.

- ☐ An attack by 51 developers on the blockchain
- ☐ Majority control of the network's mining power
- ☐ A hardware failure in mining equipment

41. **Which consensus mechanism is used in Bitcoin to validate transactions and add them to the Bitcoin's blockchain?** * 1 point

Mark only one oval.

- ☐ Proof of Authority (PoA)
- ☐ Proof of Stake (PoS)
- ☐ Proof of Work (PoW)

42. **How often does the Bitcoin network experience a "halving" event? *** 1 point

Mark only one oval.

- ☐ Every 2 years
- ☐ Every 6 months
- ☐ Approximately every 4 years

43. **Why is Bitcoin considered a game-changer in the financial world? *** 1 point

Mark only one oval.

- ☐ Due to its flashy marketing strategies
- ☐ Because it is the only digital currency available
- ☐ It addresses the needs of communities where traditional banking is ineffective

44. **What is a potential benefit of Bitcoin for unbanked communities? *** 1 point

Mark only one oval.

- ☐ Limited access to investments and assets
- ☐ Faster and efficient fund transfers without intermediaries
- ☐ Increased dependence on traditional banks

45. **According to the text, what is "Hyperbitcoinization"? *** 1 point

Mark only one oval.

- ☐ A term for Bitcoin's decline in popularity
- ☐ A new cryptocurrency introduced by Bitcoin
- ☐ A theoretical future where bitcoin becomes the dominant global currency

46. **What impact could Bitcoin's widespread adoption have on monetary policy, according to the text?** * 1 point

Mark only one oval.

- ☐ Challenge the ability of governments to control the money supply
- ☐ Increase manipulation by financial institutions
- ☐ Decrease financial inclusion and opportunities

47. **What does the Lindy Effect suggest about Bitcoin's longevity?** * 1 point

Mark only one oval.

- ☐ The longer Bitcoin exists, the more likely it will continue to exist
- ☐ Bitcoin's longevity is guaranteed by law
- ☐ Bitcoin's existence is unaffected by time

48. **Why is Bitcoin considered a reliable store of value?** * 1 point

Mark only one oval.

- ☐ Due to its high transaction fees
- ☐ Because it is easily manipulated by government
- ☐ Bitcoin's digital scarcity

49. **What is the purpose of Dollar-Cost Averaging (DCA), as mentioned in the text?** * 1 point

Mark only one oval.

- ☐ Predicting short-term price fluctuations
- ☐ Minimizing the risk of market volatility by spreading out purchases
- ☐ Maximizing profits by investing large sums at once

50. **What is the purpose of the Hash/Price ratio and Price/Hash ratio metrics?**

* 1 point

Mark only one oval.

- ☐ . To compare the growth of Bitcoin's price and computational power
- ☐ To assess the risk associated with Bitcoin
- ☐ To determine the energy usage of Bitcoin mining

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