

Cryptocurrency Fundamentals

Cryptocurrency · Answer Key · 15 Questions

1. What is the primary technology that underpins most cryptocurrencies, providing a decentralized and immutable ledger for transactions?

- A) Artificial Intelligence
- B) Cloud Computing

C) Blockchain Technology

- D) Quantum Computing

2. Who is the pseudonymous creator of Bitcoin, the first and most well-known cryptocurrency?

- A) Vitalik Buterin

B) Satoshi Nakamoto

- C) Changpeng Zhao
- D) Elon Musk

3. Which of the following is a common characteristic of cryptocurrencies that distinguishes them from traditional fiat currencies?

- A) Centralized control by a government
- B) Physical representation in coins and notes

C) Decentralized issuance and control

- D) Guaranteed backing by a national reserve

4. What is a 'cryptocurrency wallet' primarily used for?

- A) Mining new coins

B) Storing and managing private and public keys

- C) Exchanging cryptocurrencies for physical goods
- D) Developing new blockchain protocols

5. The process of validating and adding new transactions to a blockchain, often rewarded with newly created cryptocurrency, is called:

- A) Hacking
- B) Phishing

C) Mining

- D) Staking

6. Which well-known cryptocurrency is often referred to as 'digital gold' due to its perceived store of value characteristics?

- A) Ethereum
- B) Ripple (XRP)
- C) Litecoin

D) Bitcoin

7. What does the term 'cryptography' in 'cryptocurrency' refer to?

A) The use of encryption to secure transactions and control the creation of new units

- B) The mathematical algorithms used for charting market trends
- C) The process of converting physical currency into digital tokens
- D) The study of ancient digital communication methods

8. What is a 'private key' in the context of cryptocurrency?

A) A public address where others can send you crypto

B) A secret code that grants access and control over your cryptocurrency

- C) A unique identifier for a specific transaction
- D) A public record of all transactions on the blockchain

9. Which cryptocurrency introduced the concept of 'smart contracts,' enabling self-executing contracts with the terms of the agreement directly written into code?

- A) Bitcoin
- B) Dogecoin

C) Ethereum

D) Solana

10. What is 'decentralization' in the context of cryptocurrency?

A) A single entity having complete control over the network

B) The distribution of control and data across a network, rather than being centralized

- C) A system that requires government approval for every transaction
- D) A closed network accessible only to a select group of users

11. The total number of a particular cryptocurrency that can ever be created is often referred to as its:

- A) Transaction speed
- B) Market capitalization
- C) Consensus mechanism

D) Maximum supply

12. What is a 'public key' or 'wallet address' in cryptocurrency?

- A) A secret code to access your funds
- B) A unique identifier that others can use to send you cryptocurrency**
- C) The algorithm used to mine new coins
- D) The ledger that records all transactions

13. Which of these is a common risk associated with investing in cryptocurrencies?

- A) Guaranteed stable returns
- B) Lack of regulatory oversight**
- C) Government-backed insurance
- D) Low volatility

14. What is 'forking' in blockchain technology?

- A) The process of encrypting transaction data
- B) A change in the blockchain's protocol, potentially creating two separate versions of the ledger**
- C) The act of transferring cryptocurrency between wallets
- D) The method of verifying transactions through consensus

15. Which of the following is NOT a core principle of most cryptocurrencies?

- A) Decentralization
- B) Transparency (on the blockchain)
- C) Anonymity (complete)**
- D) Security through cryptography