Cryptocurrency Fundamentals

Cryptocurrency · Practice Test · 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