

Understanding Digital Currency

Financial Literacy · Answer Key · 20 Questions

1. What is the name of the first decentralized cryptocurrency ever created?

- A) Bitcoin**
- B) Ethereum
- C) Litecoin
- D) Dogecoin

2. What is the digital record-keeping technology that tracks cryptocurrency transactions called?

- A) The Internet
- B) Blockchain**
- C) A bank ledger
- D) A cloud database

3. Who is credited with creating Bitcoin under the pseudonym Satoshi Nakamoto?

- A) Elon Musk
- B) Bill Gates
- C) An unknown person or group**
- D) Vitalik Buterin

4. What do we call the process of using powerful computers to solve complex math problems to verify transactions on a network?

- A) Mining**
- B) Printing
- C) Staking
- D) Downloading

5. Unlike physical money like coins and notes, where is cryptocurrency stored?

- A) In a physical piggy bank
- B) In a digital wallet**
- C) In a metal safe
- D) Under a mattress

6. What is the main difference between traditional money and cryptocurrency?

- A) Cryptocurrency is always made of gold
- B) Cryptocurrency is managed by a central bank
- C) Cryptocurrency does not need a central authority like a bank**
- D) Traditional money is always digital

7. What is the term for a single unit of Bitcoin?

- A) A cent
- B) A satoshi**
- C) A dollar
- D) A byte

8. What prevents people from spending the same digital money twice in a cryptocurrency network?

- A) A central government agency
- B) The blockchain ledger**
- C) A security guard
- D) A paper receipt

9. Which of these is a common feature of most cryptocurrencies?

- A) They are physically printed
- B) They are decentralized**
- C) They are controlled by a king
- D) They are only used in Australia

10. What happens to a cryptocurrency transaction once it is added to the blockchain?

- A) It can be easily deleted
- B) It becomes permanent and irreversible**
- C) It is sent to a bank for approval
- D) It disappears after 24 hours

11. What is a 'public key' used for in a cryptocurrency transaction?

- A) To unlock your house
- B) To receive funds from others**
- C) To change the price of the coin
- D) To delete your history

12. What do we call the market price of a cryptocurrency that changes based on supply and demand?

- A) Fixed rate
- B) Interest rate
- C) Exchange rate
- D) Valuation**

13. What is a 'private key' in cryptocurrency?

A) A code that acts like a password to access your digital funds

- B) A physical key to a storage unit
- C) A public message sent to everyone
- D) A type of digital coin

14. Which entity typically controls the issuance of standard government currency?

A) The public

B) A central bank or government

- C) Private corporations
- D) The blockchain

15. What is the purpose of a digital wallet in the world of cryptocurrency?

A) To shop in a physical grocery store

B) To store the keys needed to access and manage digital currency

- C) To convert gold into digital coins
- D) To print paper versions of the coins

16. What does it mean for a cryptocurrency to be 'decentralized'?

A) It is controlled by one person

B) It is controlled by many computers globally rather than a single authority

- C) It is only used in one city
- D) It has no value at all

17. What is the name of the 'smart contract' platform that is often used for creating decentralized applications?

A) Ethereum

- B) Amazon
- C) Google
- D) Facebook

18. Can cryptocurrency be sent to someone in a different country instantly?

A) No, it takes a month

B) Yes, over the internet

- C) Only if the government allows it
- D) Only via the postal service

19. What is a 'cold wallet' in the context of cryptocurrency storage?

A) A wallet kept in a freezer

B) A wallet stored on a device disconnected from the internet

- C) A wallet made of blue plastic
- D) A wallet held by a bank teller

20. Which of these is NOT a function of cryptocurrency?

A) A medium of exchange

B) A store of value

C) A physical coin for coin-operated rides

D) A digital asset