

Name _____

The Magical World of Cryptocurrencies: Unraveling the Secrets of Bitcoin

Short Answer Key

1. Blockchain technology contributes to the security of cryptocurrencies by providing a transparent and tamper-resistant ledger that records all transactions. Once a transaction is added to the blockchain, it is nearly impossible to alter or delete, ensuring the integrity of the currency.
2. Decentralization in the context of cryptocurrencies means that no single entity or authority has control over the currency. Instead, transactions are verified and recorded on a network of computers (nodes) maintained by volunteers, ensuring trust and security without the need for centralization.
3. A digital wallet in the world of cryptocurrencies is a digital pouch used to store digital coins and private keys. It is necessary to securely manage and control one's cryptocurrency holdings.
4. Miners in the Bitcoin network are individuals or entities that verify and validate transactions by solving complex mathematical puzzles. Their role is to ensure the integrity and security of the blockchain and, in return, receive newly created Bitcoins and transaction fees.
5. The limited supply of Bitcoin is 21 million Bitcoins. This limited supply is significant because it creates scarcity, similar to precious metals like gold, and can impact its value over time.

