

Name _____

Demystifying the Magic: Understanding Blockchain and Cryptocurrencies

Short Answer Key

1. A digital wallet in the world of cryptocurrencies is a digital pouch where individuals can store their digital coins. It has a public address (similar to an account number) and a private key (used to access and control the coins).
2. Decentralization in Blockchain can vary depending on its use case, while cryptocurrencies are inherently decentralized, meaning they operate on a network of computers with no central authority.
3. The primary purpose of miners in the cryptocurrency network is to validate and verify transactions by solving complex mathematical puzzles. They also add valid transactions to the cryptocurrency's Blockchain.
4. A use case for Blockchain technology that does not involve cryptocurrencies is supply chain management, where Blockchain can be used to track the origin and journey of products, ensuring authenticity and reducing fraud.
5. The main distinction is that the transactions recorded on the Blockchain can encompass various types of data beyond financial transactions, while cryptocurrency transactions specifically involve digital coins.

