Business Models for Digital Finance: Quiz

20 Multiple-Choice Questions

Prof. Dr. Jörg Osterrieder

Blockchain, Crypto Economy & NFTs

Questions 1–5: Network Effects and Platform Economics

Q1. Metcalfe's Law states that the value of a network with n users scales as:
A) $V \propto n^2$ B) $V \propto n$ C) $V \propto \log(n)$ D) $V \propto \sqrt{n}$

Questions 1–5: Network Effects and Platform Economics

Q1. Metcalfe's Law states that the value of a network with n users scales as:
A) $V \propto n^2$ B) $V \propto n$ C) $V \propto \log(n)$ D) $V \propto \sqrt{n}$
A) $V \propto n^2$ – each new user adds value to all existing users; value grows quadratically

Q2. In a two-sided market, which side is typically subsidised?
A) The larger side B) The side generating more revenue C) The harder-to-acquire, price-sensitive side D) The side that already generates the highest revenue per user, since platforms prefer to subsidise their most profitable segment

Questions 1–5: Network Effects and Platform Economics

Q1. Metcalfe's Law states that the value of a network with n users scales as:
A) $V \propto n^2$ B) $V \propto n$ C) $V \propto \log(n)$ D) $V \propto \sqrt{n}$
A) $V \propto n^2$ – each new user adds value to all existing users; value grows quadratically

Q2. In a two-sided market, which side is typically subsidised?
A) The larger side B) The side generating more revenue C) The harder-to-acquire, price-sensitive side D) The side that already generates the highest revenue per user, since platforms prefer to subsidise their most profitable segment
C) Platforms subsidise the side that drives network effects for the other

Q3. Coinbase charges retail users a 0.50% spread AND a \$0.99 flat fee on a \$1,000 trade. Total fee?
A) \$4.99 B) \$5.00 C) \$9.99 D) \$5.99

Questions 1–5: Network Effects and Platform Economics

Q1. Metcalfe's Law states that the value of a network with n users scales as:
A) $V \propto n^2$ B) $V \propto n$ C) $V \propto \log(n)$ D) $V \propto \sqrt{n}$
A) $V \propto n^2$ – each new user adds value to all existing users; value grows quadratically

Q2. In a two-sided market, which side is typically subsidised?
A) The larger side B) The side generating more revenue C) The harder-to-acquire, price-sensitive side D) The side that already generates the highest revenue per user, since platforms prefer to subsidise their most profitable segment
C) Platforms subsidise the side that drives network effects for the other

Q3. Coinbase charges retail users a 0.50% spread AND a \$0.99 flat fee on a \$1,000 trade. Total fee?
A) \$4.99 B) \$5.00 C) \$9.99 D) \$5.99
D) \$5.99 – \$5.00 + \$0.99 = \$5.99

Q4. Coinbase Professional charges 0.06–0.40% while retail Simple charges 0.50–1.49%. This pricing is an example of:
A) Price discrimination by segment B) Cost-plus pricing C) Marginal cost pricing D) Uniform pricing that applies the same fee structure to retail and institutional customers regardless of volume or price sensitivity

Questions 1–5: Network Effects and Platform Economics

Q1. Metcalfe's Law states that the value of a network with n users scales as:
A) $V \propto n^2$ B) $V \propto n$ C) $V \propto \log(n)$ D) $V \propto \sqrt{n}$
A) $V \propto n^2$ – each new user adds value to all existing users; value grows quadratically

Q2. In a two-sided market, which side is typically subsidised?
A) The larger side B) The side generating more revenue C) The harder-to-acquire, price-sensitive side D) The side that already generates the highest revenue per user, since platforms prefer to subsidise their most profitable segment
C) Platforms subsidise the side that drives network effects for the other

Q3. Coinbase charges retail users a 0.50% spread AND a \$0.99 flat fee on a \$1,000 trade. Total fee?
A) \$4.99 B) \$5.00 C) \$9.99 D) \$5.99
D) \$5.99 – \$5.00 + \$0.99 = \$5.99

Q4. Coinbase Professional charges 0.06–0.40% while retail Simple charges 0.50–1.49%. This pricing is an example of:
A) Price discrimination by segment B) Cost-plus pricing C) Marginal cost pricing D) Uniform pricing that applies the same fee structure to retail and institutional customers regardless of volume or price sensitivity
A) Institutional segment (price-sensitive) subsidised; retail segment charged full margin

Q5. The "cold-start problem" describes:
A) The difficulty of reaching network critical mass when starting from zero users B) Protocol downtime during peak demand C) High gas costs on Ethereum D) Revenue declines that persist as platforms struggle to rebuild liquidity during prolonged bear markets with low volatility

Questions 1–5: Network Effects and Platform Economics

Q1. Metcalfe's Law states that the value of a network with n users scales as:
A) $V \propto n^2$ B) $V \propto n$ C) $V \propto \log(n)$ D) $V \propto \sqrt{n}$
A) $V \propto n^2$ – each new user adds value to all existing users; value grows quadratically

Q2. In a two-sided market, which side is typically subsidised?
A) The larger side B) The side generating more revenue C) The harder-to-acquire, price-sensitive side D) The side that already generates the highest revenue per user, since platforms prefer to subsidise their most profitable segment
C) Platforms subsidise the side that drives network effects for the other

Q3. Coinbase charges retail users a 0.50% spread AND a \$0.99 flat fee on a \$1,000 trade. Total fee?
A) \$4.99 B) \$5.00 C) \$9.99 D) \$5.99
D) \$5.99 – \$5.00 + \$0.99 = \$5.99

Q4. Coinbase Professional charges 0.06–0.40% while retail Simple charges 0.50–1.49%. This pricing is an example of:
A) Price discrimination by segment B) Cost-plus pricing C) Marginal cost pricing D) Uniform pricing that applies the same fee structure to retail and institutional customers regardless of volume or price sensitivity
A) Institutional segment (price-sensitive) subsidised; retail segment charged full margin

Q5. The "cold-start problem" describes:
A) The difficulty of reaching network critical mass when starting from zero users B) Protocol downtime during peak demand C) High gas costs on Ethereum D) Revenue declines that persist as platforms struggle to rebuild liquidity during prolonged bear markets with low volatility
A) New networks have $V(0) = 0$; better products cannot overcome this without bootstrapping

Questions 1–5 test Metcalfe's Law, two-sided markets, and CEX fee mechanics

Questions 6–10: Coinbase and Circle

Q6. Coinbase's revenue fell approximately 60% in 2022. The main reason was:
A) SEC regulatory fine B) Hack and customer fund loss C) Crypto market downturn reducing trading volume D) DEX competition from Uniswap and other automated market makers permanently capturing retail order flow through lower fees and permissionless access

Questions 6–10: Coinbase and Circle

Q6. Coinbase's revenue fell approximately 60% in 2022. The main reason was:
A) SEC regulatory fine B) Hack and customer fund loss C) Crypto market downturn reducing trading volume D) DEX competition from Uniswap and other automated market makers permanently capturing retail order flow through lower fees and permissionless access
C) 75%+ of revenue was transaction fees; bear market = minimal trading

Q7. Which asset is Coinbase's PRIMARY competitive moat (not its exchange engine)?
A) A proprietary high-frequency matching engine that executes trades in microseconds, reducing latency and improving fill rates for institutional clients B) Lower fees than DEXs C) BTC custody technology D) 10 years of regulatory licences + brand trust

Questions 6–10: Coinbase and Circle

Q6. Coinbase's revenue fell approximately 60% in 2022. The main reason was:
A) SEC regulatory fine B) Hack and customer fund loss C) Crypto market downturn reducing trading volume D) DEX competition from Uniswap and other automated market makers permanently capturing retail order flow through lower fees and permissionless access
C) 75%+ of revenue was transaction fees; bear market = minimal trading

Q7. Which asset is Coinbase's PRIMARY competitive moat (not its exchange engine)?
A) A proprietary high-frequency matching engine that executes trades in microseconds, reducing latency and improving fill rates for institutional clients B) Lower fees than DEXs C) BTC custody technology D) 10 years of regulatory licences + brand trust
D) Regulatory approval takes 3–10 years; code can be copied in weeks

Q8. Circle holds $40B in USDC reserves at a 4% Fed Funds rate. Gross annual yield?
A) $400M B) $800M C) $1.6B D) $4.0B

Questions 6–10: Coinbase and Circle

Q6. Coinbase's revenue fell approximately 60% in 2022. The main reason was:
A) SEC regulatory fine B) Hack and customer fund loss C) Crypto market downturn reducing trading volume D) DEX competition from Uniswap and other automated market makers permanently capturing retail order flow through lower fees and permissionless access
C) 75%+ of revenue was transaction fees; bear market = minimal trading

Q7. Which asset is Coinbase's PRIMARY competitive moat (not its exchange engine)?
A) A proprietary high-frequency matching engine that executes trades in microseconds, reducing latency and improving fill rates for institutional clients B) Lower fees than DEXs C) BTC custody technology D) 10 years of regulatory licences + brand trust
D) Regulatory approval takes 3–10 years; code can be copied in weeks

Q8. Circle holds \$40B in USDC reserves at a 4% Fed Funds rate. Gross annual yield?
A) \$400M B) \$800M C) \$1.6B D) \$4.0B
C) \$1.6B – $40 \times 0.04 = 1.6$

Q9. In Circle's model, who receives the yield earned on USDC reserves?
A) USDC holders receive 50%, Circle receives 50% B) Circle receives all yield C) USDC holders receive all yield D) Yield is burned to support the peg

Questions 6–10: Coinbase and Circle

Q6. Coinbase's revenue fell approximately 60% in 2022. The main reason was:
A) SEC regulatory fine B) Hack and customer fund loss C) Crypto market downturn reducing trading volume D) DEX competition from Uniswap and other automated market makers permanently capturing retail order flow through lower fees and permissionless access
C) 75%+ of revenue was transaction fees; bear market = minimal trading

Q7. Which asset is Coinbase's PRIMARY competitive moat (not its exchange engine)?
A) A proprietary high-frequency matching engine that executes trades in microseconds, reducing latency and improving fill rates for institutional clients B) Lower fees than DEXs C) BTC custody technology D) 10 years of regulatory licences + brand trust
D) Regulatory approval takes 3–10 years; code can be copied in weeks

Q8. Circle holds $40B in USDC reserves at a 4% Fed Funds rate. Gross annual yield?
A) $400M B) $800M C) $1.6B D) $4.0B
C) $1.6B – $40 \times 0.04 = 1.6$

Q9. In Circle's model, who receives the yield earned on USDC reserves?
A) USDC holders receive 50%, Circle receives 50% B) Circle receives all yield C) USDC holders receive all yield D) Yield is burned to support the peg
B) Circle keeps 100% of yield; this is the seigniorage model

Q10. In March 2023, USDC temporarily de-pegged. The cause was:
A) A catastrophic smart contract vulnerability that enabled attackers to drain reserves through coordinated flash loan attacks across multiple DeFi protocols simultaneously B) $3.3B of reserves stuck in the failed Silicon Valley Bank C) Regulatory seizure by the SEC D) Mass redemption exceeding reserves

Questions 6–10: Coinbase and Circle

Q6. Coinbase's revenue fell approximately 60% in 2022. The main reason was:
A) SEC regulatory fine B) Hack and customer fund loss C) Crypto market downturn reducing trading volume D) DEX competition from Uniswap and other automated market makers permanently capturing retail order flow through lower fees and permissionless access
C) 75%+ of revenue was transaction fees; bear market = minimal trading

Q7. Which asset is Coinbase's PRIMARY competitive moat (not its exchange engine)?
A) A proprietary high-frequency matching engine that executes trades in microseconds, reducing latency and improving fill rates for institutional clients B) Lower fees than DEXs C) BTC custody technology D) 10 years of regulatory licences + brand trust
D) Regulatory approval takes 3–10 years; code can be copied in weeks

Q8. Circle holds $40B in USDC reserves at a 4% Fed Funds rate. Gross annual yield?
A) $400M B) $800M C) $1.6B D) $4.0B
C) $1.6B – $40 \times 0.04 = 1.6$

Q9. In Circle's model, who receives the yield earned on USDC reserves?
A) USDC holders receive 50%, Circle receives 50% B) Circle receives all yield C) USDC holders receive all yield D) Yield is burned to support the peg
B) Circle keeps 100% of yield; this is the seigniorage model

Q10. In March 2023, USDC temporarily de-pegged. The cause was:
A) A catastrophic smart contract vulnerability that enabled attackers to drain reserves through coordinated flash loan attacks across multiple DeFi protocols simultaneously B) $3.3B of reserves stuck in the failed Silicon Valley Bank C) Regulatory seizure by the SEC D) Mass redemption exceeding reserves
B) Reserve composition risk: SVB failure temporarily blocked $3.3B redemption

---

Questions 6–10 test Coinbase moat analysis and Circle seigniorage arithmetic

Questions 11–15: Uniswap and Binance

Q11. Uniswap generates over $500M/year in LP fees. The UNI token captures:
A) 100%, with all trading fees automatically distributed to UNI governance wallets on a pro-rata basis according to each holder's staked share B) 50% C) 10% D) Approximately 0% – fee switch not yet activated

Questions 11–15: Uniswap and Binance

Q11. Uniswap generates over $500M/year in LP fees. The UNI token captures:
A) 100%, with all trading fees automatically distributed to UNI governance wallets on a pro-rata basis according to each holder's staked share B) 50% C) 10% D) Approximately 0% – fee switch not yet activated
D) All LP fees go to liquidity providers; UNI holders receive no direct share as of 2025

Q12. SushiSwap forked Uniswap V2 and initially attracted $1B in liquidity via higher yield incentives ("vampire attack"). Long-run outcome:
A) Uniswap recovered dominance; its liquidity moat reasserted B) Both converged to equal volume C) SushiSwap permanently surpassed Uniswap D) Uniswap was forced to shut down after a governance attack enabled a hostile takeover, with all liquidity migrating to competing forks within 48 hours

Questions 11–15: Uniswap and Binance

Q11. Uniswap generates over $500M/year in LP fees. The UNI token captures:
A) 100%, with all trading fees automatically distributed to UNI governance wallets on a pro-rata basis according to each holder's staked share B) 50% C) 10% D) Approximately 0% – fee switch not yet activated
D) All LP fees go to liquidity providers; UNI holders receive no direct share as of 2025

Q12. SushiSwap forked Uniswap V2 and initially attracted $1B in liquidity via higher yield incentives ("vampire attack"). Long-run outcome:
A) Uniswap recovered dominance; its liquidity moat reasserted B) Both converged to equal volume C) SushiSwap permanently surpassed Uniswap D) Uniswap was forced to shut down after a governance attack enabled a hostile takeover, with all liquidity migrating to competing forks within 48 hours
A) Liquidity returned because traders preferred Uniswap's deeper pools

Q13. Uniswap V4 "hooks" allow:
A) Users to bypass gas fees B) Custom logic executed before/after each swap, enabling protocol differentiation C) UNI holders to vote on individual trade parameters D) Operators to implement personalised dynamic fee structures that vary by wallet address, trading history, and on-chain reputation score assessed at execution time

Questions 11–15: Uniswap and Binance

Q11. Uniswap generates over $500M/year in LP fees. The UNI token captures:
A) 100%, with all trading fees automatically distributed to UNI governance wallets on a pro-rata basis according to each holder's staked share B) 50% C) 10% D) Approximately 0% – fee switch not yet activated
D) All LP fees go to liquidity providers; UNI holders receive no direct share as of 2025

Q12. SushiSwap forked Uniswap V2 and initially attracted $1B in liquidity via higher yield incentives ("vampire attack"). Long-run outcome:
A) Uniswap recovered dominance; its liquidity moat reasserted B) Both converged to equal volume C) SushiSwap permanently surpassed Uniswap D) Uniswap was forced to shut down after a governance attack enabled a hostile takeover, with all liquidity migrating to competing forks within 48 hours
A) Liquidity returned because traders preferred Uniswap's deeper pools

Q13. Uniswap V4 "hooks" allow:
A) Users to bypass gas fees B) Custom logic executed before/after each swap, enabling protocol differentiation C) UNI holders to vote on individual trade parameters D) Operators to implement personalised dynamic fee structures that vary by wallet address, trading history, and on-chain reputation score assessed at execution time
B) Hooks make Uniswap extensible but do not directly change the fee model

Q14. Binance's BNB utility loop works because:
A) BNB is legally mandated by Binance's internal compliance rules and must be held by all traders above $10,000 monthly volume to satisfy anti-money-laundering reporting thresholds B) BNB is pegged to USDT at a fixed rate C) Binance burns BNB only when profits are negative D) Users buy BNB for fee discounts, increasing demand and price, which attracts more users

Questions 11–15: Uniswap and Binance

Q11. Uniswap generates over $500M/year in LP fees. The UNI token captures:
A) 100%, with all trading fees automatically distributed to UNI governance wallets on a pro-rata basis according to each holder's staked share B) 50% C) 10% D) Approximately 0% – fee switch not yet activated
D) All LP fees go to liquidity providers; UNI holders receive no direct share as of 2025

Q12. SushiSwap forked Uniswap V2 and initially attracted $1B in liquidity via higher yield incentives ("vampire attack"). Long-run outcome:
A) Uniswap recovered dominance; its liquidity moat reasserted B) Both converged to equal volume C) SushiSwap permanently surpassed Uniswap D) Uniswap was forced to shut down after a governance attack enabled a hostile takeover, with all liquidity migrating to competing forks within 48 hours
A) Liquidity returned because traders preferred Uniswap's deeper pools

Q13. Uniswap V4 "hooks" allow:
A) Users to bypass gas fees B) Custom logic executed before/after each swap, enabling protocol differentiation C) UNI holders to vote on individual trade parameters D) Operators to implement personalised dynamic fee structures that vary by wallet address, trading history, and on-chain reputation score assessed at execution time
B) Hooks make Uniswap extensible but do not directly change the fee model

Q14. Binance's BNB utility loop works because:
A) BNB is legally mandated by Binance's internal compliance rules and must be held by all traders above $10,000 monthly volume to satisfy anti-money-laundering reporting thresholds B) BNB is pegged to USDT at a fixed rate C) Binance burns BNB only when profits are negative D) Users buy BNB for fee discounts, increasing demand and price, which attracts more users
D) Self-reinforcing flywheel: fee discounts drive BNB demand drives price appreciation

Q15. Binance's 2023 DOJ settlement total was $4.3B. This represented approximately how many years of regulatory arbitrage savings?
A) 1 year B) 3–4 years C) 10 years D) 20 years

Questions 11–15: Uniswap and Binance

Q11. Uniswap generates over $500M/year in LP fees. The UNI token captures:
A) 100%, with all trading fees automatically distributed to UNI governance wallets on a pro-rata basis according to each holder's staked share B) 50% C) 10% D) Approximately 0% – fee switch not yet activated
D) All LP fees go to liquidity providers; UNI holders receive no direct share as of 2025

Q12. SushiSwap forked Uniswap V2 and initially attracted $1B in liquidity via higher yield incentives ("vampire attack"). Long-run outcome:
A) Uniswap recovered dominance; its liquidity moat reasserted B) Both converged to equal volume C) SushiSwap permanently surpassed Uniswap D) Uniswap was forced to shut down after a governance attack enabled a hostile takeover, with all liquidity migrating to competing forks within 48 hours
A) Liquidity returned because traders preferred Uniswap's deeper pools

Q13. Uniswap V4 "hooks" allow:
A) Users to bypass gas fees B) Custom logic executed before/after each swap, enabling protocol differentiation C) UNI holders to vote on individual trade parameters D) Operators to implement personalised dynamic fee structures that vary by wallet address, trading history, and on-chain reputation score assessed at execution time
B) Hooks make Uniswap extensible but do not directly change the fee model

Q14. Binance's BNB utility loop works because:
A) BNB is legally mandated by Binance's internal compliance rules and must be held by all traders above $10,000 monthly volume to satisfy anti-money-laundering reporting thresholds B) BNB is pegged to USDT at a fixed rate C) Binance burns BNB only when profits are negative D) Users buy BNB for fee discounts, increasing demand and price, which attracts more users
D) Self-reinforcing flywheel: fee discounts drive BNB demand drives price appreciation

Q15. Binance's 2023 DOJ settlement total was $4.3B. This represented approximately how many years of regulatory arbitrage savings?
A) 1 year B) 3–4 years C) 10 years D) 20 years
B) 3–4 years – Coinbase compliance costs ∼$450M/year more; $4.3B ÷ $450M ≈ 9.6 years (upper estimate)

Questions 11–15 test Uniswap protocol mechanics and Binance regulatory arbitrage logic

Questions 16–20: Moats, Synthesis, and Cryptoeconomics Lens

Q16. Which of the following is the LEAST forkable competitive moat?
A) Smart contract code that can be deployed as a fork by any developer within hours, using freely available templates from open-source repositories and automated audit services B) Token emission schedule C) Front-end user interface D) Regulatory banking licence

Questions 16–20: Moats, Synthesis, and Cryptoeconomics Lens

Q16. Which of the following is the LEAST forkable competitive moat?
A) Smart contract code that can be deployed as a fork by any developer within hours, using freely available templates from open-source repositories and automated audit services B) Token emission schedule C) Front-end user interface D) Regulatory banking licence
D) Regulatory banking licence – requires years of legal compliance, not a code copy

Q17. A neobank earns 37% of revenue from subscriptions, 28% from interchange, 12% from crypto. If crypto were banned, what fraction of revenue would remain?
A) 0% B) 12% C) 65% D) 88%

Questions 16–20: Moats, Synthesis, and Cryptoeconomics Lens

Q16. Which of the following is the LEAST forkable competitive moat?
A) Smart contract code that can be deployed as a fork by any developer within hours, using freely available templates from open-source repositories and automated audit services B) Token emission schedule C) Front-end user interface D) Regulatory banking licence
D) Regulatory banking licence – requires years of legal compliance, not a code copy

Q17. A neobank earns 37% of revenue from subscriptions, 28% from interchange, 12% from crypto. If crypto were banned, what fraction of revenue would remain?
A) 0% B) 12% C) 65% D) 88%
D) 88% – $100\% - 12\% = 88\%$; crypto is a feature, not the foundation

Q18. The 6-question cryptoeconomics lens is most useful for identifying:
A) The market capitalisation of a protocol B) The specific programming language and framework used to implement smart contracts, which determines tooling compatibility and the available developer talent pool C) The failure mode hidden in an incentive design D) The regulatory jurisdiction of a company

Questions 16–20: Moats, Synthesis, and Cryptoeconomics Lens

Q16. Which of the following is the LEAST forkable competitive moat?
A) Smart contract code that can be deployed as a fork by any developer within hours, using freely available templates from open-source repositories and automated audit services B) Token emission schedule C) Front-end user interface D) Regulatory banking licence
D) Regulatory banking licence – requires years of legal compliance, not a code copy

Q17. A neobank earns 37% of revenue from subscriptions, 28% from interchange, 12% from crypto. If crypto were banned, what fraction of revenue would remain?
A) 0% B) 12% C) 65% D) 88%
D) 88% – $100\% - 12\% = 88\%$; crypto is a feature, not the foundation

Q18. The 6-question cryptoeconomics lens is most useful for identifying:
A) The market capitalisation of a protocol B) The specific programming language and framework used to implement smart contracts, which determines tooling compatibility and the available developer talent pool C) The failure mode hidden in an incentive design D) The regulatory jurisdiction of a company
C) Question 4 (failure mode) and Question 2 (incentives) together reveal the stress point

Q19. Yield-bearing stablecoins like Ondo USDY threaten Circle because:
A) They pass reserve yield to holders, eroding the zero-yield assumption USDC relies on B) They are faster to transfer than USDC
C) They have lower collateral requirements D) They are issued by the Federal Reserve and carry an explicit US government guarantee, protecting holders against de-peg events and systemic stablecoin risk

Questions 16–20: Moats, Synthesis, and Cryptoeconomics Lens

Q16. Which of the following is the LEAST forkable competitive moat?
A) Smart contract code that can be deployed as a fork by any developer within hours, using freely available templates from open-source repositories and automated audit services B) Token emission schedule C) Front-end user interface D) Regulatory banking licence
D) Regulatory banking licence – requires years of legal compliance, not a code copy

Q17. A neobank earns 37% of revenue from subscriptions, 28% from interchange, 12% from crypto. If crypto were banned, what fraction of revenue would remain?
A) 0% B) 12% C) 65% D) 88%
D) 88% – $100\% - 12\% = 88\%$; crypto is a feature, not the foundation

Q18. The 6-question cryptoeconomics lens is most useful for identifying:
A) The market capitalisation of a protocol B) The specific programming language and framework used to implement smart contracts, which determines tooling compatibility and the available developer talent pool C) The failure mode hidden in an incentive design D) The regulatory jurisdiction of a company
C) Question 4 (failure mode) and Question 2 (incentives) together reveal the stress point

Q19. Yield-bearing stablecoins like Ondo USDY threaten Circle because:
A) They pass reserve yield to holders, eroding the zero-yield assumption USDC relies on B) They are faster to transfer than USDC C) They have lower collateral requirements D) They are issued by the Federal Reserve and carry an explicit US government guarantee, protecting holders against de-peg events and systemic stablecoin risk
A) If holders can earn 4–5% holding USDY vs 0% holding USDC, seigniorage model is at risk

Q20. According to the lecture's durability matrix, which builds a moat in years, not decades?
A) Regulatory licence B) Brand trust C) Liquidity pool depth D) Code quality and engineering craftsmanship, which any well-funded competitor can replicate by hiring experienced developers or commissioning security audits within a single product cycle

Questions 16–20: Moats, Synthesis, and Cryptoeconomics Lens

Q16. Which of the following is the LEAST forkable competitive moat?
A) Smart contract code that can be deployed as a fork by any developer within hours, using freely available templates from open-source repositories and automated audit services B) Token emission schedule C) Front-end user interface D) Regulatory banking licence
D) Regulatory banking licence – requires years of legal compliance, not a code copy

Q17. A neobank earns 37% of revenue from subscriptions, 28% from interchange, 12% from crypto. If crypto were banned, what fraction of revenue would remain?
A) 0% B) 12% C) 65% D) 88%
D) 88% – $100\% - 12\% = 88\%$; crypto is a feature, not the foundation

Q18. The 6-question cryptoeconomics lens is most useful for identifying:
A) The market capitalisation of a protocol B) The specific programming language and framework used to implement smart contracts, which determines tooling compatibility and the available developer talent pool C) The failure mode hidden in an incentive design D) The regulatory jurisdiction of a company
C) Question 4 (failure mode) and Question 2 (incentives) together reveal the stress point

Q19. Yield-bearing stablecoins like Ondo USDY threaten Circle because:
A) They pass reserve yield to holders, eroding the zero-yield assumption USDC relies on B) They are faster to transfer than USDC C) They have lower collateral requirements D) They are issued by the Federal Reserve and carry an explicit US government guarantee, protecting holders against de-peg events and systemic stablecoin risk
A) If holders can earn 4–5% holding USDY vs 0% holding USDC, seigniorage model is at risk

Q20. According to the lecture's durability matrix, which builds a moat in years, not decades?
A) Regulatory licence B) Brand trust C) Liquidity pool depth D) Code quality and engineering craftsmanship, which any well-funded competitor can replicate by hiring experienced developers or commissioning security audits within a single product cycle
C) Liquidity pool depth – 6–18 months to build significant liquidity; faster than licences but slower than code

---

Score: 18–20 = excellent; 14–17 = solid; below 14 = review the five archetypes and durability matrix