



M. L. Dahanukar College Of Commerce

THE BAF TIMES



- **Citi bank's costly mistake**
- **Nissan patnership with Apple**
- **Blockchain in our college?**

FOREWORD



Idea Behind This Weekly Newsletter

Being a Commerce College, students are expected to know the changes in the business world. This weekly newsletter will help the students get acquainted with a glimpse of what happened in the week gone by. It will also have insights into various business and commerce related updates which will help you gain indepth knowledge. Make it a point to read each and every article in this issue and stay updated so that you don't get outdated.

**~DR. D. M. DOKE
PRINCIPAL**

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CRYPTIC CLUES TO UNLOCK CRYPTOCURRENCY

Dr. Sudha Subramaniam

Core Faculty, M.L.Dahanukar College of Commerce

The year 2140 will be a year to watch out for, for the final bitcoin to be mined. From \$0.0008 to \$0.8 per coin in July 2010, the current price of one Bitcoin is Rs.37,98,384.41!! The Crypto Research Report has predicted that Bitcoin will be worth \$397,000 in 2030. A major Tesla investor's prediction is that Bitcoin could be worth more than \$1 Trillion by 2031. Satoshi Nakamoto, the person who created Bitcoin is currently the Top Richest Bitcoin owner. After registering the domain name for Bitcoin as bitcoin.org, the Bitcoin network was introduced to the market on January 3rd, 2009. For this digital asset to work as a medium of exchange is definitely a 'Wait and Watch' Policy. After a lot of rumblings about cryptocurrency, the global regime has definitely unleashed a new perspective of cryptocurrency within India. In April 2018 the Reserve Bank of India had prohibited Financial Institutions from engaging with individuals or businesses dealing in virtual currency. However the Supreme Court gave the verdict that the RBI ban was unconstitutional and gave permission to banks to handle cryptocurrency transactions from traders and exchanges. A Government panel was then set up and went on to recommend a ban on cryptocurrencies and also penal action and jail terms for anyone dealing with cryptocurrencies.

The 2021 Budget session of Parliament considered prohibiting all private cryptocurrencies and to provide for an official digital currency to be issued by the RBI. The new law was supposedly to be based on China's model, wherein trading and usage of cryptocurrency has been banned and the Government is working to issue its own virtual currency. Cryptocurrency prices in India fell by 30% as a result of this impending proposed bill. The scenario underwent a complete transformation with Tesla's announcement in Feb 2021 to purchase Bitcoin worth \$1.5 billion and the statement that Tesla would accept Bitcoin as a payment option.

Mumbai based WazirX, a Bitcoin and cryptocurrency exchange and platform recorded transactions surge 300% after the Tesla announcement. Bangalore based CoinSwitchKuber also recorded doubled transaction volumes.

The aspects of Private Players vs Exchanges and the high level of frauds in Bitcoin will definitely pose a challenge to the increasing use as well as to drafting viable legislation.

MCDONALDS – INVEST OR INVENT IN A PRODUCT

Ms. Gauri Vaidya

TYBAF

We all have had the delicious burgers and fries from McDonald's. McDonald's is a multi-billion company with revenue of \$21.076 billion (2019), total assets \$32.811 billion (2018), total equity \$6.258 billion (2018) and it's the world's second-largest private employer with 1.7 million employees (behind Walmart with 2.3 million employees). As of 2020, McDonald's has the ninth-highest global brand valuation.

McDonald's shares traded at over \$145 per share, and its market capitalization was valued at over US\$134.5 billion in September 2018. McDonald's was started by McDonald brothers with the Hamburger business, but Ryan Kroc, a mere salesman then, is known as the actual founder of McDonald's. The two brothers named Richard and Maurice McDonald in San Bernardino, California, United States had invented the 'Speedee Service System' now known as the 'fast food'. The brothers were aware that they made maximum profits in few products, and hence in 1948, they fully redesigned and rebuilt their restaurant in San Bernardino focusing on hamburgers, milkshakes and french-fries only. Like the brothers' previous food stands, the design deliberately omitted an interior dining area. Orders were taken in person at the front counter, where the food was also delivered at the window. The brothers designed the kitchen area themselves, integrating their acquired knowledge into a layout that maximized efficiency and output. They made the whole setting and made sure everything was perfect. The burgers were pre-cooked and kept warm which ensured a Speedee service.

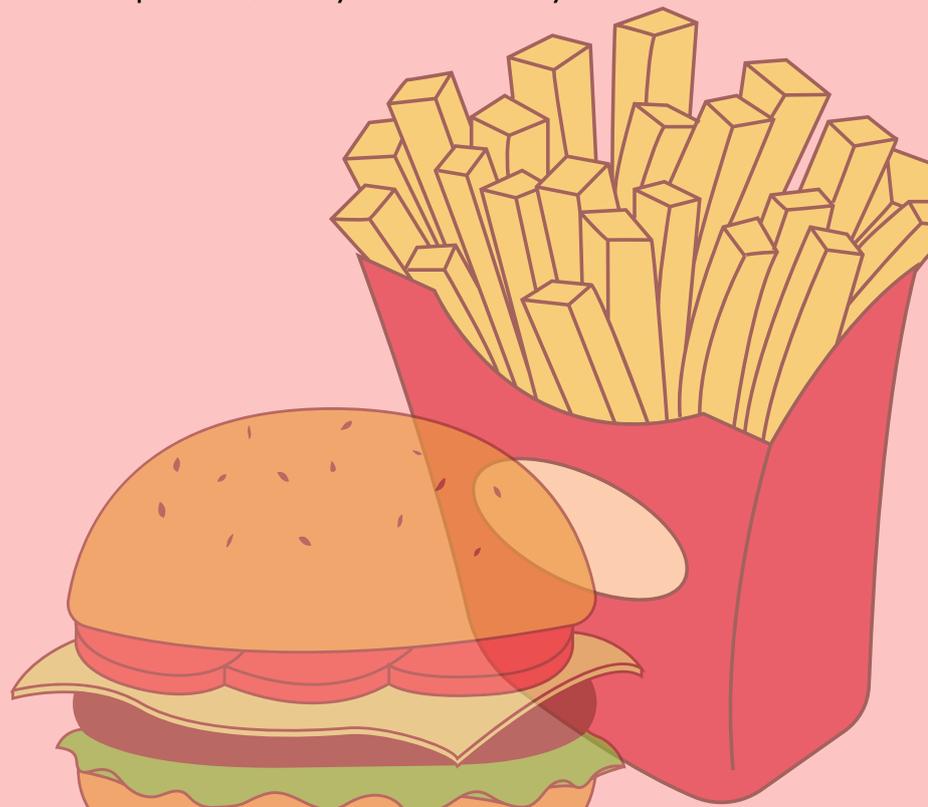
The brothers had placed an order for mixers and that's how they met Ryan Kroc, who had explored a number of career options, working as a pianist, musical director, and real estate salesman who had found employment as a milkshake mixer salesman. Ryan went to meet the brothers and that's when he saw people waiting in a long queue for their orders. He stood in the queue and placed his order for a hamburger and within seconds he had received it from the window. He was startled to see the fast delivery and impressed by the small business which focussed on a simple menu of burgers, french fries and shakes. After discovering this popular California Hamburger restaurant, he went into business with the brothers and launched the McDonald's franchise in 1955. He worked as an agent for them.

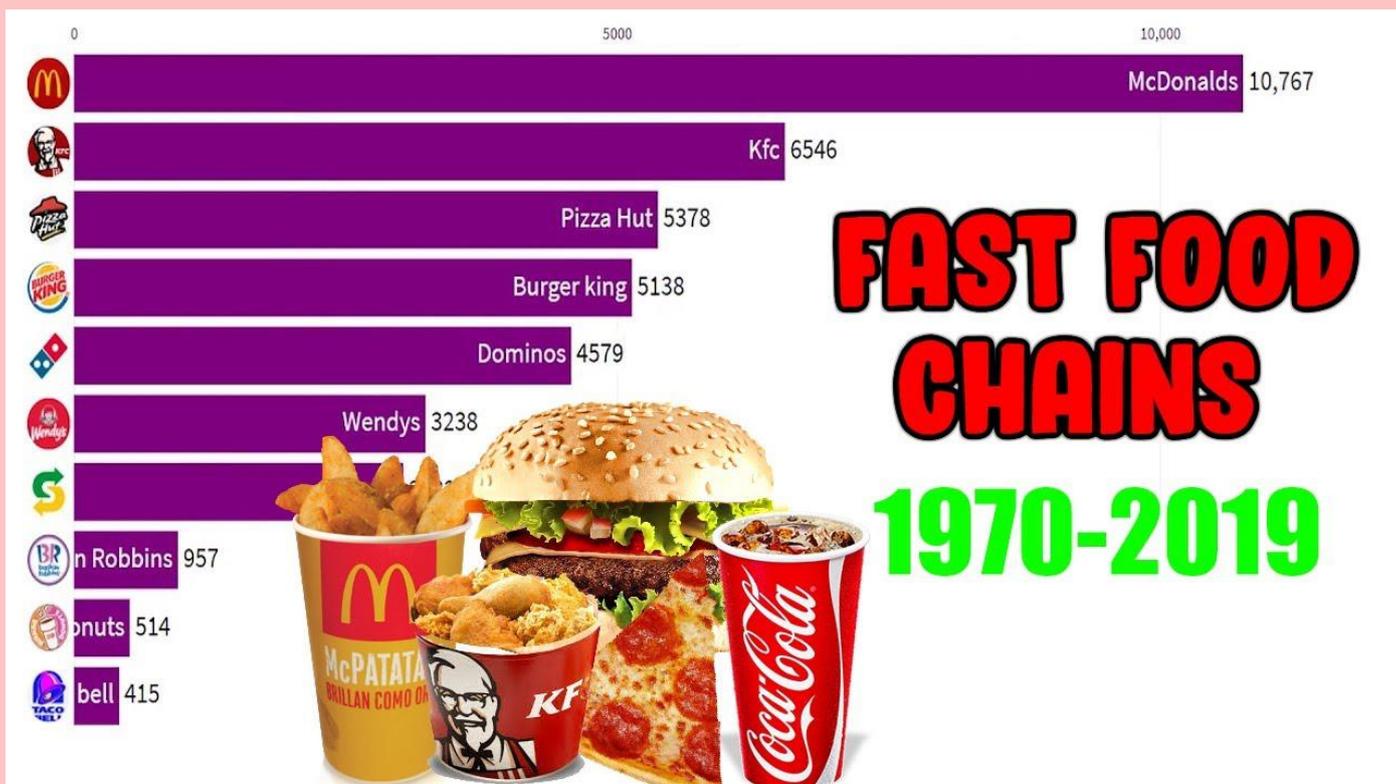
By 1959, McDonald's had opened its 100th restaurant, but Kroc wasn't really making significant profits. Harry J. Sonneborn, who later became McDonald's first President, made him realize that McDonald's was not a business about just burgers, but a real estate business. Land was important for the business to expand.

Hence, Kroc set up a system in which the company purchased and leased land to new franchises. The brothers were not thinking big and wanted the business to grow slowly but these ideologies were against the sycophant Ryan Kroc. And hence later, Sonneborn helped Kroc secure a loan of \$2.7 million to purchase the company from the McDonald's brothers in 1961. Before purchasing McDonalds, Ray's initial franchising deal was a franchise fee of \$950 with a 1.9% service fee on food sales, 0.5% paid to McDonald brothers as a royalty and the remaining 1.4% to Kroc. By 1960, Kroc had franchised 228 McDonalds that made \$56 million annually. McDonald brothers and Kroc had both become wealthy but by the end of the 1970s their 0.5% stake would have been paying them \$15 million a year and a 2012 estimate states that the McDonald brothers royalty fee would have been \$305 million if they hadn't sold the business.

Kroc made sure the portion sizes, cooking methods and packaging was perfect and the food would look and taste the same across franchises. McDonald's had become a huge company now and because the brothers no longer owned their own name, they had to change their hamburger stand to "The Big M". The McDonalds golden arch logo is globally recognized inviting people for hot fries or an affordable hamburger.

The McDonald brothers were agitated that Kroc called himself the founder. In an interview, Kroc said, he just needed the McDonald's name and the golden arches design as he knew the distinctiveness it would bring to the business. Kroc eventually put the brothers out of business. The McDonald brothers may have started the business that led to the Megacorp but at McDonald headquarters, they were hardly viewed as the founders. After their restaurant





FAST FOOD CHAINS 1970-2019

'The Big M' was run out of business by a competing McDonald's, the brothers called it a quit. McDonald's is one of the most successful fast food chains in the world. It is known for its golden arches and affordable burgers, and is found in every part of the world. McDonald's is an American Corporation where a mere mixer seller, an employee, had become its founder.

This is an epitome for all the finance and business experts that even though they don't have a business idea or a plan, on a sole basis of financial and business knowledge they can become a billionaire someday.

Well, it may sound nearly impossible for some people but becoming rich or a multi-millionaire is not an impossible task at all. Becoming rich could be much easier if you work smart and hard. Given Ryan Kroc's example, we have to agree that investing is definitely one of the ways towards rich lifestyle.

Nissan Open To Partnership With Apple For Apple Car

Ms. Ruchi Burman

TYBAF

Nissan has indicated that it will be open to becoming a manufacturing partner for the Apple Car project which has been increasingly gathering steam. According to a Wall Street Journal Report, Nissan's CEO Makoto Uchida said on an earnings call that his company was open to "work with companies that are knowledgeable, with good experience, through partnership and collaboration." He said this in relation to a question towards the Apple Car as reports suggested the world's most valuable company was in talks with Japanese manufacture for the production of the Apple Car.

The Apple Car project has been in the works for almost half a decade. It has had a stop-start nature with it going through a massive reorganisation in 2018. In late 2020, it changed leadership internally at Apple after the retirement of Bob Mansfield. It has been handed over to Apple's AI boss John Giannandrea under who the previous team works. The project has been gathering steam with some high profile hires and talks of breakthrough battery technology and self-driving capabilities.

Companies like Hyundai, Magna, Kia and BMW have all been outlined as potential partners. Apple reportedly will adopt the same approach that it takes to manufacture the iPhone, in tandem with contract manufacturers like Foxconn instead of building and owning inventory itself the way Tesla has been pursuing its electric cars.

A partnership with Nissan makes sense as it is a well-known car maker and the Renault-Nissan-Mitsubishi alliance can give the Apple Car a global manufacturing footprint. This idea would also boost the value of the alliance which has been reeling since the Carlos Ghosn scandal.

APY and NPS Subscribers Escalate By 22%

Ms. Tanisha Singh
TYBAF

According to the data, released by The Pension Fund Regulatory and Development Authority (PFRDA), the number of subscribers under the government-run National Pension System (NPS) and the Atal Pension Yojana (APY) schemes increased by almost 22% to 4,05 crores at the end of January 2021.



The two flagship schemes, NPS and APY, are targeted to the employees of the organised and the unorganised sector respectively.

The defined contribution based NPS is a voluntary retirement savings scheme. The savings which are generated from NPS are pooled into a pension fund which together is invested by PFRDA regulated fund managers into diversified portfolios such as government bonds, bills, corporate bonds as well as shares.

And APY caters to those segments of employees who do not have any statutory social security scheme and who are not income tax payers. Subscribers can get a fixed minimum pension of ₹1,000 to a maximum of ₹5,000 per month, at the age of 60 years, depending on their contributions.

As of 31st January 2021, total pension assets under management stood at ₹5,56,410 crore showing a year-on-year growth of 35.94%. The authority will soon start conducting e-KYC services for subscribers to the National Pension System (NPS) and Atal Pension Yojana (APY).

A WHOLE LOT OF SOUL

Ms. Arundhati Vaidya
SYBAMMC



Soul is a 2020 animated film that is streaming exclusively on Disney+. It is written and directed by Pete Docter who is recognised for directing critically acclaimed films like Monsters Inc., Up and Inside Out. He has been nominated for eight Oscars in total, two of them are for Up and Inside Out. Pixar is famous for its brilliant out-of-the-box ideas which we have already seen in films like Inside Out and even this time they came through. The main protagonist in this film is Joe Gardner, a jazz pianist, who also happens to be Pixar's first African-American lead which is a significant development in terms of representation. It stars Jamie Foxx and Tina Fey in the pivotal roles. The film has been nominated for two Golden Globe awards this year for Best Motion Picture and Best Original Score.

Our story begins with our protagonist, Joe, who works as a music teacher in New York City. It becomes very explicit within the first five minutes of the film that Joe is incredibly gifted and that he understands jazz on a much deeper level. He gets offered a full-time position as a band teacher. That very day, he gets a call and is asked to come in and audition for the band of a legendary jazz player, Dorothea Williams. Upon hearing him play, Dorothea offers him a chance to perform with them. Joe graciously accepts and heads out with a spring in his step but unfortunately falls into a manhole and dies instantly.

After his sudden death, Joe finds himself heading to 'The Great Beyond' but he puts up a fight when he realizes this and in that struggle, he ends up landing in a place called 'The Great Before', a place where counsellors, all of whom are called Jerry, take care of

the unborn souls and help them find their 'spark' before they head to Earth to be reborn as humans. Here they assume that Joe is one of the instructors and assigns him a soul and asks him to help that soul find their 'spark' or passion. Unfortunately, Joe gets paired up with the most notorious soul, 22. He soon realises that it is almost impossible to get 22 interested in anything long enough for her to find her 'spark' and that many great personalities have tried and failed and that they deemed her a lost cause. What follows is Joe's desperate attempt to get his soul back into his own body so that he can play with Dorothea Williams and fulfil what he thinks is his destiny.

Tina Fey and Jamie Foxx are splendid as 22 and Joe Gardner respectively make for one funny yet winsome set of characters. Speaking of the technical aspects of the film, the animation is top-notch and as it is for any Pixar film, the details knock it out of the park. The deadly combination of Disney and Pixar ends up creating a visually pleasing film, just like Coco. The ingenious concept that this movie touched upon is a step further than Inside Out. Joe scratches and claws to get back to Earth to get one chance to play with Dorothea Williams but when he does accomplish that, he doesn't feel complete. He feels this aching sense of emptiness which makes us question if at times we can get a bit too obsessed with our dream. This film eventually makes us realise that while we chase towards our destiny, towards something that we think makes us tick and decide to follow it to the ends of the Earth, we may forget to stop and enjoy the small treasures of life. Another thing that sets this film apart is the idea of exploring what happens before we are born instead of what happens after we die. Similar to many cleverly written shows, like 'The Good Place', make you question what will happen after we are dead but this film makes us ponder over our existence before we are even born.

Another aspect of this film that I feel is underrated is the fact that the protagonist is an African-American man and he is invested in his own culture. Jazz music as a genre has its roots deep in the African-American culture and here we get to see a person of colour in a mainstream Pixar movie, being the protagonist, not just enjoying their culture but actually celebrating it and revelling in it.

Occasionally, the film felt a little complex for children to enjoy because it talked about profound philosophical ideas and asked tough existential questions because of which some of the thoughts put forth by the film, however brilliant, they might have been a bit severe for the children to grasp. Regardless, the film is glorious. Just like Joe cannot explain what he feels when he plays the piano, I cannot truly describe what it is like to watch this film. From the concept to the animation, everything is executed flawlessly and it is truly a film that can only be experienced. The most fascinating concept in this film however, is that every single soul that exists on this planet has a 'spark' in them and that nobody is undesired. We all have times when we feel lost and we examine our existence. Soul makes it clear that every person has a 'spark' within themselves and we owe it to ourselves to follow it and see where it leads us. Each soul has a purpose and every person matters. Sometimes it may take us a minute to figure things out but ultimately we will get there. Until then, just keep swimming!

CITI BANK'S COSTLY

MISTAKE

IMs. Isha Mahajan

SYBAF

In August 2020, Citibank erroneously transferred a full \$900 million payment to lenders on a loan not due until 2023. Last week, the court ruled that Citigroup is not entitled to recoup half a billion dollars of its own money in what is called "a banking error of perhaps unprecedented nature and magnitude". Revlon, a multinational American Cosmetics company acquired Elizabeth Arden, another cosmetic giant in 2016. The deal involved a \$1.8 billion loan. On 11th August 2020, Revlon prepaid the loan in full with the accrued interest amounting to a total of ~\$900 million. What surprised many was the fact that Revlon had been struggling since the deal. Most lenders were expecting the company to default on its obligations, especially as the pandemic started. Revlon's 2016 loan was syndicated and many companies were involved in the financing arrangement.

There was Brigade Capital, Allstate, New Generation Advisors and many others. Citibank meanwhile served as the administrative agent for the loan which means they were to collect payments from Revlon and transfer it to the lenders whenever the interest was due. In August 2020, Citibank was only expected to send interest payments of \$7.8 million to the lenders. To successfully execute the transaction, the employees had to move the interest to the lender's account, and simultaneously move the principal to an internal Citibank account, called the wash account. Instead, they inadvertently sent the principal amount, an excess \$894 million, from their own account to 315 Revlon lenders

The next day when CitiBank was made aware of the \$900 million transaction, they believed it to be a tech issue at first. It was only much later they realised this was in fact a human error. All large transactions in CitiBank are subject to "six-eye" approval procedure, which requires three people to review and approve a transaction before it is executed. Under this procedure, the "maker" first inputs the payment information into the bank's Flexcube loan processing program; then the "checker" reviews and verifies the transaction; and finally the "approver" serves as a final check on the maker and checker's work. For the \$900-million transfer, Vinny Fratta, a senior manager in Citigroup's global loan operations, was the approver.

It was found that the bank's "six eyes" system broke down after the Maker ticked the wrong box on a digital payment form and the checker as well as the approver failed to notice it. Citibank demanded the lenders to pay back the money, since this was an obvious error and a case of unjust enrichment, according to CitiBank. Since most lenders weren't very cooperative, the matter went to court. The judge however ruled last week that transfers were "final and complete transactions, not subject to revocation. .

'THE SIX EYES'

This is how Citibank executed the \$900 million erroneous transfer to Revlon's lenders



THE MAKER

A Wipro employee manually put payment information into Citi's Flexcube Loan Processing System



THE CHECKER

Another Wipro employee verified this information



THE APPROVER

the Citibank employee gave the final Confirmation and the money was wired

All three failed to identify the error in the \$900 million transfer

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They said "when a beneficiary receives money to which it is entitled and has no knowledge that the money was erroneously wired, the beneficiary should not have to wonder whether it may retain the funds; rather, such a beneficiary should be able to consider the transfer of funds as a final and complete transaction, not subject to revocation." To summarize, as the lenders were owed this money and they had no reason to think the transfer was an error, they were entitled to keep it. Citigroup now plans to appeal against the verdict and a temporary ban has been placed on the lenders' using the transferred funds

BLOCKCHAIN IN OUR COLLEGE?

Mr. Sandesh G. Ajgekar
TYBscIT

A blockchain is a secure digital ledger of transactions that creates a tamper-proof chain. They are immutable, which means they eliminate fraud, restore the integrity and improve compliance, as regulators will use the blockchain audit trail to verify compliance. They're additionally straightforward to access for anyone seeking credentials (think about post-graduate employers, students, or any other institution requiring verifiable documents).

Blockchain can facilitate

Enhanced record-keeping:

Blockchain's security and visibility aspects are promising for student records. Particularly for the Office of the Registrar – which manages student records, registration, and transfer evaluations – blockchain can help verify the accreditation of colleges, protect intellectual property (IP), and reduce fraudulent certificates and transcripts.

Improved business processes:

Due to its ability to increase security, agility, and efficiency within any kind of transaction, college can improve their internal business processes.

New college funding options:

In 2014, King's College in New York City became the first accredited U.S. institution to accept Bitcoin as payment, eliminating the credit card transaction fees previously charged to students

Transformed university business models:

As the open-access movement in education continues, colleges will have to change the way students receive education and assets during their academic careers. Innovative initiatives like open education, Massive Online Open Courses (MOOCs), digital credentials, and blockchain curricula turn the tables on traditional education delivery for colleges, creating borderless education open for all. The greatest example of this is Woolf University, set to be the world's first all-blockchain higher education institution. Arizona State University is also strengthening its ties with community colleges in its reverse transfer process, an alternative transfer evaluation based in blockchain.

But can we really do that / should do that?

Legacy: PTVA is a very big organization; many schools have deep investments in reliable point solutions like Document Management Systems (DMS) and Student Information Systems (SIS). Not every institution will integrate these systems on one centralized platform, and the move to do so is challenging for paper-based, manual campuses. Lets see what the future holds for us.

Expense: While the long-term gain is potentially massive for higher education, the challenges to hit the ground running can be costly. This can make investing in blockchain harder to justify for colleges.

Learning: For the average citizen, the concept of blockchain is still very elusive.

Decentralized power: Blockchain by nature increases the visibility of each transaction on campus and dematerializes the intermediary (which is usually the school). While this is in the best interest of the student, it strips the power of the regular schools.

**Blockchain is no longer a buzzword today.
Considering above analysis, as a futuristic tech, one
should look forward to learn blockchain technology.**



Notice Section

- **Guest Lecture on Role of Public Interest Litigation (PIL) in Protection of Environment by
Dr. Suresh Santani
27th February 2021
4.30 PM to 5.30 PM
For details,
contact Mr. Sachin Joshi**
- **Elocution Competition Marathi Vangmay Mandal
on the occasion of Marathi Rajbhasha Din
27th February 2021
6.00 PM to 7.30 PM
For details,
contact Mr. Rakesh Pise
Google Classroom Code vxm1gr6**

TERMINOLOGY OF THE WEEK

ANGEL INVESTOR

An angel investor, also known as private investor, seed investor or angel funder, is a high net-worth individual who provides financial backing for small start-ups or entrepreneurs, typically in exchange for ownership equity in the company.



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There will be no issue of The BAF Times on March 6, 2021.

If you wish to contribute your articles to be featured in the last issue of Volume I, please mail your articles on swapnils@mlde.edu.in or contact on 9987094858 by Sunday, March 7, 2021 and wait for the issue to be released on Saturday, March 13, 2021.

All Articles in this issue are the personal views of the authors and the college does not necessarily subscribe to the personal views of the authors.