

The Problem

Problem statement

As a French citizen create a company which would boom while the rest of the world is doomed in the era just past WW1.

Context

French Industrial and Agricultural Production was down 45% in 1919 compared to 1913.

27% of young men between the ages of 18 and 27 were killed, which would impact the labor force.

Average price to purchase a hectare of land dropped by a third.

Company

Sector: Non-Banking
Financial Sector

Industry: Gold Loan
Company

Market Research

Challenge 1

Initial Cash Reserve:

Promoters and other small investors

Mortgage: Gold collected

Challenge 2

Risk: Gold value may decrease

But it has been observed since years that Gold value has remained almost constant even during previous recessions.

Challenge 3

Why our company?

Providing cheaper interest rates (5% whereas Central Bank provides upto 7%) and lower periods as less as 3 months long.

Market Research

The price of gold remained remarkably stable for long periods of time. For example, Sir Isaac Newton, as master of the U.K. Mint, set the gold price at L3.17s.10d. per troy ounce in 1717, and it remained effectively the same for two hundred years until 1914. The only exception was during the Napoleonic wars from 1797 to 1821. The official U.S. Government gold price has changed only four times from 1792 to the present. Starting at \$19.75 per troy ounce, raised to \$20.67 in 1834, and \$35 in 1934. In 1972, the price was raised to \$38 and then to \$42.22 in 1973.

1901	18.98
1902	18.97
1903	18.95
1904	18.96
1905	18.92
1906	18.90
1907	18.94
1908	18.95
1909	18.96
1910	18.92
1911	18.92
1912	18.93
1913	18.92
1914	18.99
1915	18.99
1916	18.99
1917	18.99
1918	18.99
1919	19.95
1920	20.68

1921	20.58
1922	20.66
1923	21.32
1924	20.69
1925	20.64
1926	20.63
1927	20.64
1928	20.66
1929	20.63
1930	20.65
1931	17.06
1932	20.69
1933	26.33
1934	34.69
1935	34.84
1936	34.87
1937	34.79
1938	34.85
1939	34.42
1940	33.85

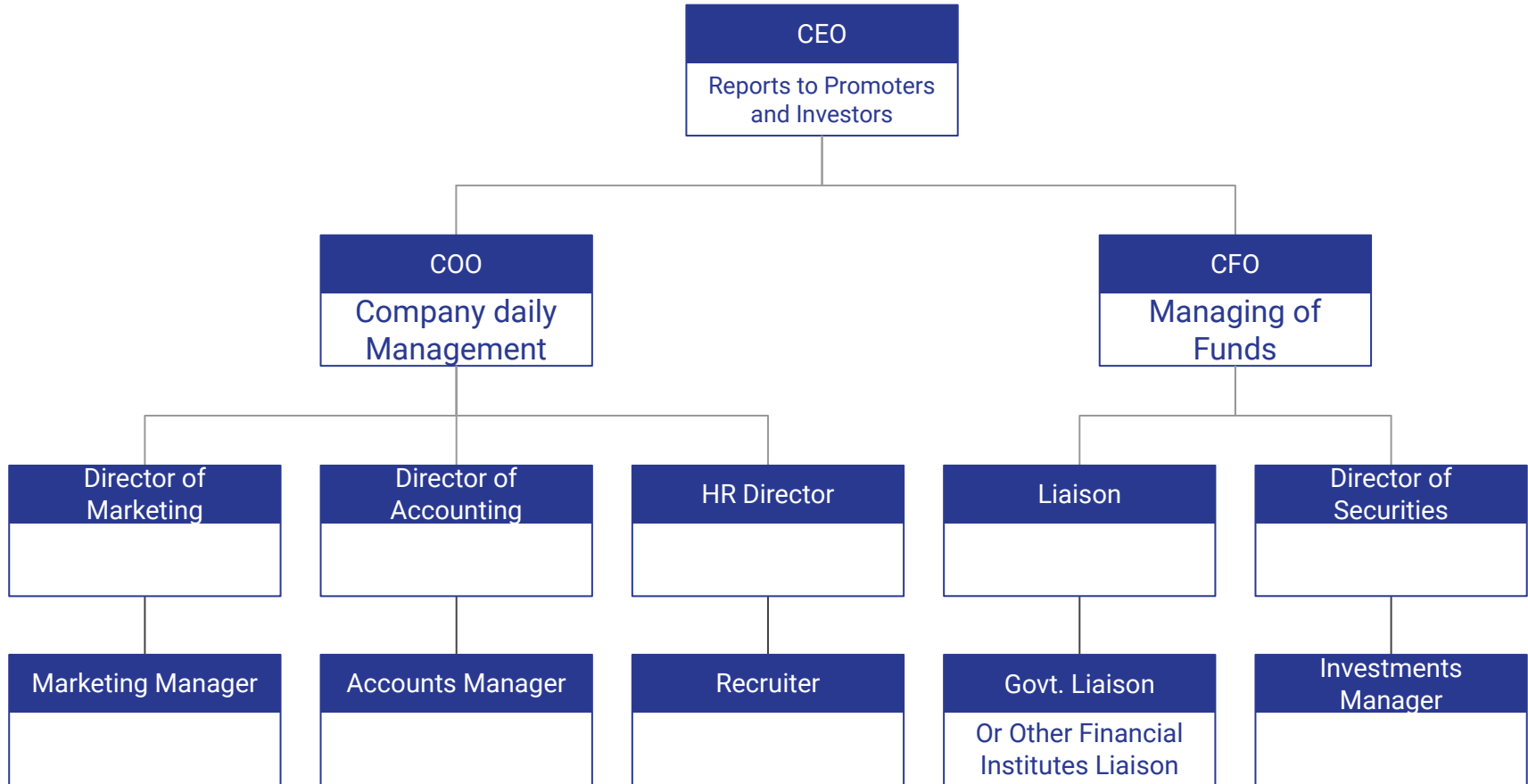


PRÊTOR

PRÊTOR

On time · Every time

Company Hierarchy



Roles

Marketing Manager: Advertising using Posters, mails, newspaper ads, etc.

Director of Marketing: Creating a strategy of which customers to target.

Accounts Manager: Managing all the customers of the Bank.

Director of Accounting: Set the values of LTV and Interest Rate.

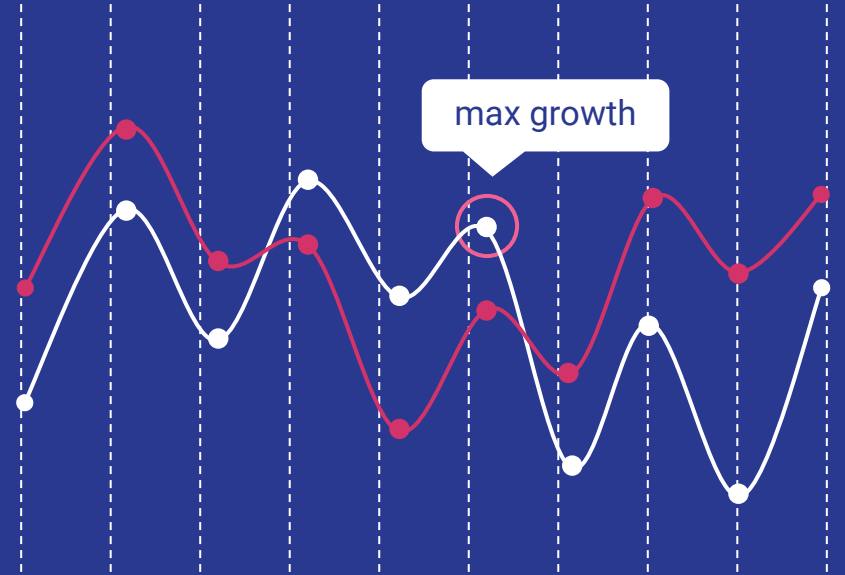
Govt. Liaison: Working with govt. to form appropriate policies.

Other Financial Institutes Liaison: Working with Private banks and financial institutes.

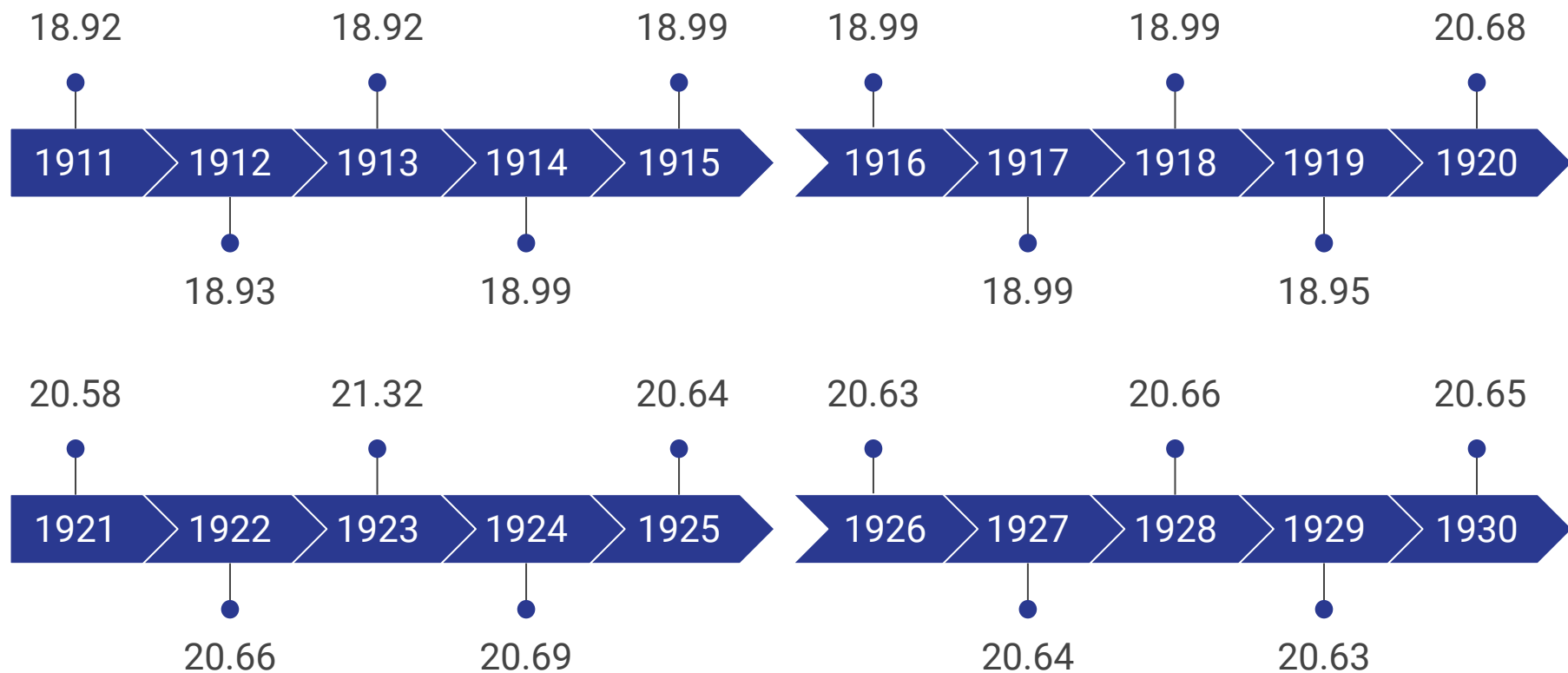
Investment Manager: Invest collected gold using various investment strategies.

Director of Securities: Responsible for maintaining funds/gold in reserve.

Business Model



Average gold price per troy ounce in \$



Business Model

Since the gold value is almost constant throughout the depression period, it can be used as Mortgage when all other assets (like Land) are risky.

Customer gets loan equal to $(\text{Loan To Value Ratio}) * (\text{Current Gold Value})$, depending upon his/her ability to repay and time period.

In case of inability to repay loan, gold equivalent to loan debt will be kept, and the rest returned.

The gold collected may be invested in other institutes for cash, which will be used for emergency needs.

Let's look at financials:

Case Study (values in \$)

1919 Gold Value	LTV	Loan	Yearly Interest Rate	1920 Amount	1920 Gold Value	1921 Amount	1921 Gold Value	Margin
19.95	80%	15.96	5%	16.76	20.68			3.92
19.95	80%	15.96	5%			17.56	20.58	3.02
19.95	76%	15.16	5%			16.68	20.58	3.90