$100 financial access at birth

*Anderson School professor Bhagwan Chowdhry hopes to launch his worldwide savings campaign*

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What if every child in the world was born with $100 to his name?

This is a vision that UCLA Anderson School of Management Professor Bhagwan Chowdhry wants to bring to fruition with his Financial Access at Birth Campaign.

The plan, which Chowdhry first thought of in 2009, aims to open a bank account with $100 for every baby upon his or her birth registration. This account would not be accessible until the child is 16 years old. The project would cost about $10 billion per year from governments and private donations, assuming that the wealthiest 25 percent of people will voluntarily forego the money, Chowdhry said.

He said he thought of the idea when a group of people at the Massachusetts Institute of Technology began a one laptop per child campaign.

The impetus for the plan is that roughly half of the world’s population, or 3 billion people, do not have bank accounts, which in many parts of the world makes saving impossible, Chowdhry said.

“Women in India who try to save five rupees a day end up giving their money to deposit collectors, and they end up effectively getting minus 30 percent on their savings account,” Chowdhry said. “So no savings, no access to any kind of insurance, no access to any kind of credit.”

Additionally, giving every child $100 upon their birth registration would give parents an incentive to actually register their children’s birth, which is a problem in many developing areas, Chowdhry said. The banking system that Chowdhry advocates would also revolutionize emergency aid, he added.

Accounts would be online and accessible via mobile phones, which is convenient for people in developing areas such as parts of Africa who do not have access to a local bank chapter or computers. Money to buy supplies would be sent to the locations and people who need help in a given disaster area. Instead of receiving random distributions of free goods, they would receive notifications of the funds immediately, Chowdhry said.

There are flaws in the plan that have yet to be resolved, such as the amount of private versus government funding, and the achievement of worldwide implementation.

“The first thing is to implement it and show that it can work in one small country, and once we try to implement it we can figure out the bugs and then we can expand,” Chowdhry said. He said he wants to implement the program in at least one country, preferably in Mexico or an African country, by November 11, 2011.

Chowdhry has garnered support from a large number of entrepreneurs and professors worldwide, including Princeton University philosopher Peter Singer. They are now founders of the Financial Access at Birth Campaign.

Members of the UCLA community, such as Judy Olian, dean of the Anderson School, also said she supported the plan. “I think it’s a genius idea,” Olian said. “This is one example of how you can see the power of ideas to improve the quality of lives of large numbers of people and communities.”

Olian said she and the Anderson School are not currently involved in the project, and the school’s participation depends on what the campaign’s leaders need.

Chowdhry said he may organize a conference at UCLA to brainstorm and involve students and faculty in the campaign.

“It’s something that’s worth talking about,” said Konark Saxena, a doctoral candidate who is conducting research with Chowdhry.

“If executed properly, I think this idea has a lot of potential,” Saxena said.