

# Identifying a billion Indians

Reliable identity numbers could create many opportunities for business

THE ECONOMIST

In a small village northwest of Bangalore, peasants queue for identities. Each man fills in a form with his name and rough date of birth, or gets someone who can read to do it for him. He places his fingertips on one scanner and stares at another. A photograph of his face is snapped. These images are uploaded to a computer. Within a few weeks he will have an identity number.

The Indian government is trying to give all 1.2 billion Indians something like an American Social Security number, but more secure. Because each "universal identity number" (UID) will be tied to biometric markers, it will prove beyond reasonable doubt that anyone who has one is who he says he is. In a country where hundreds of millions of people lack documents, addresses or even surnames, this will be rather useful. It should also boost a wide range of businesses.

So far the process has gone smoothly. More than 1 million people have been enrolled since October, and the pace is accelerating. The scheme presents difficulties both for the people in charge, many of whom were recruited from software firms, and for the private contractors who are doing much of the work. How do you ensure that the data are accurate? How do you build a robust database containing biometric information about more people than any other? How do you deal with peasants whose fingerprints are unreadable after years of manual work? (Adding moisture to their fingertips helps.)

When an individual is enrolled, his biometric data must be compared with everyone else's to ensure there is no duplication. Sometimes the workers who show people how to place their fingers on the scanner accidentally scan their own fingerprints. As enrolments hit a peak of about 1m a day, the system will need to carry out a staggering 14 billion matches per second.

This mighty task has been awarded to private contractors in an unusual way. There are three vendors: Accenture and L-1 Identity Solutions of



A woman sits in front of a man who fills out a form with her name and date of birth. India is trying to give all 1.2 billion people, something like an American social security number, but more secure.

America, plus Morpho of France. The firm that does the fastest, most accurate job gets 50 percent of the work; the others get 30 percent or 20 percent. This allocation is frequently reassessed, so if the second-best firm starts doing better, it picks up some work from the leading firm. This keeps everyone sharp.

#### ONE DATABASE, MANY POSSIBILITIES

The government's aim is to improve services and reduce corruption. A shocking two-thirds of the subsidised grain that the government allocates to the poor is either stolen or adulterated. When middlemen say they have delivered so many bags of rice to so many thousands of peasants, there is no way to tell if they are lying. But if each peasant has to scan her irises every time she picks up her ration, it will be harder to scam the system. Similar controls could be used to curb voter fraud.

A reliable way of identifying people would also smooth financial transactions. Some 42 metres

poor households toil for a government scheme that guarantees them up to 100 days of work at the minimum wage each year. The money is welcome; the trek to the bank to collect it is not. Ram, a peasant in Madhya Pradesh, walks 6 kilometres to the bus stop, travels 14 kilometres clinging to the roof of a bus, waits two hours in the bank and then does it all again in reverse. The trip swallows a fifth of his earnings, in the form of fares and the opportunity cost of missing a day's work.

The identity scheme could help Ram avoid this hassle. The plan is to supply scanners to village shops and link them to distant banks via mobile phones. The man could walk in, scan his fingers and authorise the bank to transfer his money to the shopkeeper's bank account. The shopkeeper could then advance Ram the money, minus a small fee.

Small shopkeepers are salivating. BC Manjunath, who runs a tiny kirana store selling boiled sweets, soap and single eggs, sees two ways

to profit. As well as charging fees, he would benefit from customers with more cash in their pockets. At present he has little choice but to extend credit. Customers owe Manjunath's family 20,000 rupees (\$440), interest free.

Because the UID system is an open platform businesses will be able to graft inventive applications onto it. Hospitals could match medical records with patients who are far from home. This would help make records portable, says Shivinder Singh, the managing director of Fortis Healthcare, a chain of private hospitals. Insurance would become easier to provide. Barely one in 100 Indians has health insurance, not least because identities are so hard to verify. Indeed, all kinds of insurance would be much cheaper if companies had a reliable way of discovering, for example, that a man applying for car insurance in Mumbai had been convicted of drink-driving in Delhi.

Microfinance should start to work better, too. It enjoyed a huge boom in recent years, followed by a bust. Many poor people found they could borrow more than they could ever hope to repay by going to several lenders. As a result, some microfinance outfits collapsed. The UID scheme ought to allow for greater control over such small loans.

A secure identity system will also help schools, reckons Suhas Gopinath, the boss of Globals, a firm that helps schools handle information. It would make it easier to monitor each student's progress, he says. And if a student migrates to another state, his school records could move with him.

Even with strict controls for privacy, the UID scheme will help companies understand more about the population they serve. "It would be fantastic for just about any business," predicts Singh. There is a caveat, of course: the scheme must work. Britain has put off plans for biometric identity cards partly because of worries about soaring costs and technical snafus. Building and running India's database is a challenge as gargantuan as India itself.

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# Filipino furniture designer a Hollywood hit

AFP, Cebu, Philippines

His designs may be in Hollywood but his heart is at home: renowned Filipino furniture designer Kenneth Cobonpue says he still gets his inspiration from the sun-baked shores of Cebu.

The multi-award-winner is regarded by international design magazines as one of the poster boys of Asia's chic furniture design industry and his unique works have penetrated the luxury market around the world.

They can be found on movie sets, in the home of US movie star Brad Pitt -- who bought a Cobonpue bed -- and in leading hotels, establishments and resorts in Paris, London and the Caribbean.

Yet for all his success, the 40-year-old father-of-two remains firmly grounded to his roots.

He says his creative ideas come from nature and locally-sourced materials in Cebu, an island province in the central Philippines, famous for its colourful festivals and sweet mangos.

"In the beginning, I always looked at nature for reference -- the transparency, fluidity. These are characteristics of nature that I want to capture in the objects I design," Cobonpue told AFP at his factory in Cebu City, which is also the country's booming furniture industry capital.

"But actually, inspiration comes from everywhere. There is beauty in everything we see, if only we can take a second look."

Although Cobonpue credits his natural talent to his mother, Betty, who is a famous local designer, he sharpened his skills at New York's Pratt Institute where he studied Industrial Design in the late 1980s.

He was also apprenticed at leather workshops in Italy and in Germany until 1994, before heading to the United States in the hope of landing a job with one of the big design houses there.

However he was forced to return to the Philippines in 1996 when he could not find a spot in the tough US market.

"There was no work to be found. Even Harvard graduates were driving taxi cabs at the time," he said.



Philippine furniture designer Kenneth Cobonpue posing for a photo at his showroom in the central Philippines city of Cebu. The multi-award-winner is regarded by international design magazines as one of the poster boys of Asia's chic furniture design industry and his unique works have penetrated the luxury market around the world.

"We had a furniture factory back home, so I took over."

Once back in Cebu, Cobonpue experimented with different designs using humble rattan as the raw material. He used the skin of the vine for binding and as a weaving material, with its core forming the wooden structure.

Manufacturing under his own name, Cobonpue's meticulously hand crafted, modern designs slowly gained fame beyond Cebu and replaced the 1980s-era catalogue of his mother.

Each design portrayed a certain kind of character, or had a hidden story behind it.

The first major breakthrough was a collection called Yin and Yang -- with beds and chairs made from rattan splits over a frame of steel and wicker that combined form and function using round and square shapes.

Another critically acclaimed set was the Lolah collection, which used traditional Filipino boat building techniques in bending rattan to showcase its flexibility and create sensuous frames.

Accolades followed, including the top prize for a lounge chair at the Maison et Objet exhibition in France in 2009 as well as awards from the Hong Kong Design Centre and the Singapore International Furniture Design competitions.

Several of the designs were also picked for three editions of the authoritative International Design Yearbook, underscoring Cobonpue's status as a furniture virtuoso.

But perhaps what signalled Cobonpue's entry into the big league was the 2001 launch of his Voyage collection, cocoon shaped beds that were reminiscent of ancient reed boats.

"They aim to take the sleeper into an imaginative journey into dreamland," Cobonpue said.

The bed became famous when Pitt, an avid art collector, bought one from a showroom that represented Cobonpue designs in Los Angeles.

Orders then flooded in from Hollywood, and Cobonpue sets were used in movies, including the Ocean's 11 franchise starring George Clooney, Julia Roberts and Pitt, among others.

They are also familiar sights in the hit American television series, CSI.

"You know at first, I didn't know what to make of it. The attention we got after that was incredible," the soft-spoken Cobonpue said.

"I feel that as an artist, your work should validate itself, not because of some celebrity buying your work."

# Goldman shows a little leg

ROB COX

When Goldman Sachs released the findings of its Business Standards Committee and some new numbers on Jan. 11, investors focused on the bank's heightened disclosure of its proprietary trading activity and profit. But regulators entrusted with a bigger responsibility the safety of the financial system are more excited about what Goldman has yet to reveal.

In its new disclosure, and again in its fourth-quarter earnings report on Jan. 19, Goldman added a fourth business segment, known as "Investing & Lending," to its income statement, enabling analysts to see a bit more of the firm's money-making machine. Yet Goldman's business standards manifesto also promised expanded balance sheet disclosures. These are expected this month in the annual report.

It's in the balance sheet details that the devils of the financial system lurk. That's what has senior officials at the Federal Reserve on the edge of their seats. Under last year's Dodd-Frank financial reforms, they are charged with protecting against further crises. By contrast, some of Goldman's Wall Street rivals are apprehensive.

Goldman promised to modify and simplify the reporting of items like excess liquidity. More importantly, the firm said it would "enhance disclosure with respect to liquidity stress tests by including details on both scenario assumptions and modeling parameters" for the assets on its \$911 billion balance sheet.

It's not entirely clear how far this means Goldman will go. It surely isn't as big a step as voluntarily reporting a version of the industry-wide stress tests conducted by the Fed in 2009, which helped draw a line under the darkest phase of the crisis. But it does sound a lot closer than Goldman or its peers have gone before.

Goldman is characteristically starting from a position of strength. With its ratio of Tier 1 capital to assets at a robust 16 percent, the extra bit of leg it plans to show will probably look more appealing than anyone else's. That means the new information could help Goldman's shares take on an even brighter sheen relative to peers, as well as force them to consider similar extra disclosure. For regulators who believe in transparency, that would be a virtuous outcome.

The writer is a Reuters Breakingviews columnist.