

Straits Times Breaking News
Business

JP Morgan targets non-US expansion with eye on unicorns in Singapore

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872 words

25 October 2023

The Straits Times

STIMES

English

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SINGAPORE - [JP Morgan](#) is expanding its commercial banking office in Singapore with an aim of identifying and doing business with unicorn companies here, as it looks beyond the US for new opportunities to grow, a senior executive at the bank said.

Unicorns are privately held start-ups that have achieved a valuation of US\$1 billion (S\$1.37 billion) or more. Half the world's unicorns are outside the United States, and many are in Asia, with around 20 in Singapore, Mr Doug Petno, chief executive officer of [JP Morgan's](#) commercial banking business, told The Straits Times in a recent interview.

Mr Petno was in Singapore to oversee an acceleration of [JP Morgan's](#) efforts to build up the commercial banking business here.

He said: "We're expanding to serve new economy and innovation companies here. There is growing venture capital formation for these start-ups happening, and we see this as a compelling opportunity. We're now ensuring we have enough bankers here to serve these companies."

The largest US bank's interest in Singapore is underpinned by the robust talent pool here, as well as the favourable economic and political environment for start-ups to thrive, Mr Petno said.

Home to around 4,000 technology start-ups and more than 220 incubators, Singapore now has 18 unicorns, more than four times the global average of four, according to the latest global industry study by US research firm Startup Genome released in July.

Some Singapore start-ups that have achieved unicorn status include logistics provider Ninja Van, online consumer marketplace Carousell, payment services company Nium, used-car platform Carro, patent database PatSnap and gaming chair-maker Secret Lab.

Singapore is ranked among the world's top 10 start-up and venture capital hubs, alongside Silicon Valley, New York and London, with a start-up ecosystem valued at US\$128 billion, the study showed.

An ecosystem is defined as a shared pool of resources, generally located within a 100km radius in a given region, and cities were ranked on their performance, funding, market reach, connectedness, talent and expertise, and knowledge.

[JP Morgan](#) started moving into the Singapore start-up space earlier in 2023, after the collapse of several smaller US banks such as [Silicon Valley Bank](#), which focuses on start-ups.

"With [Silicon Valley Bank's](#) collapse, we accelerated our investment serving this market, not only in the US but also globally, to build a banking business for the innovation economy, serving the venture capital firms and their start-ups and founders," Mr Petno said.

The move is also strategic for [JP Morgan](#), he added. "As each start-up matures, we can help it access capital at every stage and provide support towards an eventual listing or sale of the company."

This would yield potential business opportunities for [JP Morgan's](#) investment banking arm, while its private banking arm could also benefit from serving the founders of these start-ups, said Mr Petno. Mr Doug Petno, CEO of [J.P. Morgan's](#) commercial banking business, said that half the world's unicorn start-ups are outside the US, and many are in Asia.

PHOTO: [J.P. MORGAN](#)

[JP Morgan's](#) move to serve non-US companies overseas is part of a wider strategy mooted in 2019 to grow its commercial banking business, which currently contributes just around 15 per cent to the bank's overall earnings.

Mr Petno said the commercial bank is better able to support its overseas clients that want to expand into new markets than some local banks due to its presence across multiple markets globally.

"Now, we're adding banking resources to cover Singapore-based businesses, as the best companies really feel like they have to be here in a meaningful way," he said.

This is because the Republic is a hub for many businesses to oversee expansion across South-east Asia. Also, more companies are diversifying their supply chains into the region, and many are setting up a base in Singapore to manage this.

The bank's plans to expand overseas also comes amid expectations that US earnings will soon normalise under pressure to raise rates paid to depositors.

US-listed [JP Morgan](#) in October reported a 36 per cent jump in profits for the third quarter due to higher lending rates and lower-than-normal loan losses. The bank said that net income climbed to US\$13.2 billion, from US\$9.7 billion in 2022.

Big banks such as [JP Morgan](#) are perceived to be safer and more secure than smaller ones and, as a result, have been able to charge more for loans over the past 18 months, even as they benefited from a higher number of depositors.

Still, the biggest US banks have warned that they will eventually have to offer higher rates to depositors as competition intensifies, and this would eat into the higher profits generated from higher interest rates. More On This Topic [Top Taiwan bank looks to South-east Asia in shift from China](#), [boosts Singapore hires](#) [Citi Private Bank bullish about 2023](#), [growth in ultra-high-net-worth clients mainly from S'pore](#)

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