

British tech sector 'at serious risk' after SVB collapse: govt

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The California-based Silicon Valley bank was closed by US authorities on Friday.

Britain's technology and life sciences sectors are at "serious risk" following the closure of the Silicon Valley Bank, Chancellor Jeremy

Hunt warned on Sunday.

The California-based SVB bank, which was closed by US authorities on Friday, manages the money of some of the UK's most promising businesses, Hunt said.

"There is a serious risk to our technology and life sciences sectors, many of whom bank with this bank," Hunt said in an interview with British television channel Sky News.

"Most people won't have heard of the Silicon Valley Bank but it happens to look after the money of some of our most promising and exciting businesses."

The bank is expected to reopen on Monday under a new name with the US deposit guarantee agency, the FDIC, taking control.

Hunt said the governor of the Bank of England had made it "very clear" that there was no [systemic risk](#) to the UK's [financial system](#) due to the SVB's collapse.

The government would bring forward plans "very soon" to ensure people are able to meet their cash flow requirements and pay staff.

It would also put a longer term solution in place to minimize or completely avoid losses to British companies, he added.

The British Treasury said Saturday that the problems of the failed SVB bank were "specific to the firm" and had no "implications for other banks operating in the UK".

The bank failed after its customers, mainly from the tech sector, made massive withdrawals, and after its latest attempt to raise new money

proved unsuccessful.

Little known to the [general public](#), SVB specialized in financing start-ups and had become the 16th-largest US bank by assets.

Its demise is not only the largest bank failure since Washington Mutual in 2008, but also the second-largest retail bank failure in the US.

The Bank of England said it intended to pursue insolvency with regards to the bank's British subsidiary.

"It was looking inevitable that the dramatic loss of confidence in SVB would also sweep its UK arm into insolvency," said Susannah Streeter of financial firm Hargreaves Lansdown.

"The run on the US bank spooked customers banking with the British subsidiary, despite protestations that it was ring-fenced from its parent," she added.

Sky News reported that the Bank of London, which launched just two years ago, is among those mulling a bid for SVB's British arm.

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