SINGAPORE: United Overseas Bank (UOB) has formed an alliance with the Singapore Management University (SMU) to promote entrepreneurship and develop local enterprises.

The tie-up will allow SMU students to undertake business projects which are mandated by small and medium enterprises (SMEs) in Singapore.

The initiative makes UOB the first financial institution to play a key role in bringing students and local enterprises together.

UOB Group deputy chairman, Wee Ee Cheong, said: "We felt SMU's focus is more on business, entrepreneurial programmes. We, UOB, as a leading regional bank, our emphasis is also on SMEs.

"So we felt with this combination, we can come up with something unique. Somehow, the synergy works, they understand where we are coming from. They understand that UOB as a bank can help students achieve a more enterprise outlook."

The bank currently has a 35%-40% share of the local SME market.

To support the initiative, UOB plans to raise $3m in sponsorship by the end of June.

So far, 38 SMEs have donated an average $50,000 each to the fund.

Around $2.4m has already been raised.

UOB will match $1 for every $2 raised - up to a maximum of $1m.

Education Minister Tharman Shanmugaratnam said: "Funding per se is not the critical element. It's really bringing players together. UOB has got a good network of companies that it is working with as a bank; SMU has got the students, the faculty which is keen to get involved.

"So, I think UOB's initiative isn't just in funding this and incentivising funding by others, but also in bringing parties together. That's probably the most valuable contribution."

Over 100 students are expected to benefit from this alliance.

SMU also plans to build a database of case studies from the students' consulting projects.

The database will be used for teaching purposes.

UOB says local enterprises conduct over 3,000 consulting projects each year.

So its alliance with SMU will help fund some of these projects by its sponsors.

UOB says if this alliance is successful, it may replicate it in the region.

This would mean tapping on a much larger SME base.

UOB also says that many local SMEs have overseas operations, so students will also be exposed