Unlocking Innovation: Making IP a Bankable Asset

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A missed potential

1. **Firms are increasingly intangible-driven. WIPO statistics - intangible investment has been growing faster than tangible investment.**

2. **Global corporate intangible asset value hit about USD 80 trillion in 2024, up 28% from 2023 and roughly 13× its 1996 level.**

3. **Estimates that about 60% of intangible investment is currently unmeasured in standard statistics due to accounting standards non-recognition of internal IP.**

4. •Yet <13% ever use IP to access finance - Our financial systems still lend as if value only exists in tangibles.

Result: a structural financing gap that slows innovation, scale-up, and competitiveness.

What are the main drivers of this financing gap?

The core problem – six frictions

1.Information asymmetry

A bank officer can evaluate a warehouse in 30 minutes. Evaluating software, data, a design portfolio, or a patent family is a different universe.

2. Expensive/uncertain 3ed party evaluation

IP is heterogeneous. Its useful life is uncertain. Valuation is costly and still not standardized. This creates huge variation and low confidence.

3. Weak secondary markets

If a borrower defaults, the bank needs to know: can this asset be sold, licensed, or assigned? In most jurisdictions, liquidating IP is slow, opaque and risky. So banks assume no recovery.

4. Fragmented secured-transactions rules

Security rights in IP— how you create, perfect and prioritize them—vary across borders and sometimes even across asset types.

5. Basel treatment & regulatory capital

Under Basel rules, intangibles attract the highest capital charges. If an IP-backed loan increases the bank’s capital requirement, hard to convince Basel regulated banks to do more of it.

6. Human-capital problem

There are too few people—on either the lender side or the valuation side—with the skills to evaluate intangible-rich firms.

The future

If we want to unlock innovation-led growth**, we need:**

- **financial systems that recognize IP as an asset class.**

If we:

- **Equip lenders to evaluate it**—with data, standards, valuation tools, and
- **Enable firms to efficiently disclose** their intangible value and **use it as collateral**;
- **Share risk** through - insurance, credit guarantees, or securitization, and
- Support deepening of the **secondary market** for IP

then IP becomes a financing asset, not just a legal concept.

Countries that get this right will scale their innovative firms faster and build more resilient economies.

And the blueprint is already emerging.

Global lessons from the region

Korea (holistic)

KDB loans for purchasing, commercializing and collateralizing IP.

Guarantee schemes KOTEC / KODIT for IP lending

Recovery support (collection support fund to liquidate IP / sale and license back)

USD 1.6 billion loans / 3 billion guarantees

Japan (disclosure)

Listed companies must disclose how IP contributes to the company value as part of their corporate governance code.

Improves transparency and signals to investors how IP contributes to firm value.

Singapore (holistic)

IP Insurance for legal costs of enforcement / defense against infringement actions (IPOS) .

Chartered Valuer and Appraiser (CVA) program.

Marketplace platforms for sale and licensing.

China (risk sharing)

IP-specific guarantee fund (2006 Shanghai)

IP Insurance (started as patent in 2011) over 110 billion RMB of risk protection for more than 28,000 firms by end-2022

Growing use of IP-backed loans ABS.

When you step back, the differences fade and the commonalities appear: These systems reduce uncertainty, share risk, and normalize IP as a financing asset.

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Thank you!