

J.P. Morgan to double India staff, hire 4,500

LONDON, Dec 5 (Reuters) - J.P. Morgan Chase & Co. <JPM.N> on Monday said it plans to have nearly one-third of its investment banking back office and support staff offshore by the end of 2007 and would achieve this by doubling its headcount in India.

The U.S. banking group said it hopes to hire 4,500 graduates in India over the next two years, mostly in Bangalore. J.P. Morgan already has about the same number of front-office and support staff in its retail, corporate and investment banking operations in Mumbai.

The company said the hirings, which will double its work force in India, would be an add-on to head count rather than a replacement of staff elsewhere. A spokesman declined to detail the size of the investment.

The firm is hiring between 300 and 400 graduates a month and plans to have a total work force of 9,000 in India by the end of 2007.

About 3,000 of the new employees will work for the investment bank, and the rest will support the group's retail and commercial banking operations, including 2,000 call center workers.

By the end of 2007, the Indian cities of Mumbai and Bangalore will process much of J.P. Morgan's foreign exchange business, and the bank is set to transfer the processing of credit derivatives contracts.

J.P. Morgan said it would continue to employ 4,000 to 4,500 operations staff in Bournemouth, England, and New York.

Market regulators have complained that the booming credit derivatives business has outgrown its back-office capabilities to process transactions.

India has attracted foreign companies with its low costs, educated work force and good telecommunications links.

The move by J.P. Morgan is part of a trend by major financial institutions to outsource a range of activities to slash expenses.

HSBC <HSBA.L> has set up call centers for its retail customers, while ABN Amro <AAH.AS> said in September that three Indian companies would be among five firms to benefit from a 1.8 billion euro (\$2.11 billion) deal to manage its IT systems.

Consultants estimate that around 5 percent of the global headcount at U.S.- and UK-based investment banks is in India.