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Careers in Financial Markets

Your guide to finding a job in banking and finance

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Welcome

Ian Brown
Editor-in-Chief, eFinancialCareers.com

Welcome to the sixth edition of *Careers in Financial Markets*, eFinancialCareers.com's guide to careers in banking and finance.

Investment banking remains one of the most popular career choices for top graduates in any discipline and competition to secure that first step on the ladder is as fierce as ever this year.

Ask any graduate recruiter which candidates stand out at interview and they will tell you it is those who have done their homework on the industry and the firms they are interviewing with. Sounds obvious, but many talented students applying for internships or graduate programmes often fail to get out of the starting blocks.

This guide is the start of your homework to increase your chances of getting into the industry. Use it in conjunction with our Student Centre, the new graduate site on eFinancialCareers.com, where you will find additional advice and information to help you arrive truly prepared.

eFinancialCareers.com serves the global financial community as the web's top site for jobs and career management advice in the securities, investment banking and asset management fields. With sites in the UK, US and across Europe and Asia, we can help you manage an international career in a global industry.

Browse through our vacancies, register for email alerts on the jobs and news topics of your choice, or simply post your CV and let firms find you.

With best wishes for your future career,

Ian Brown

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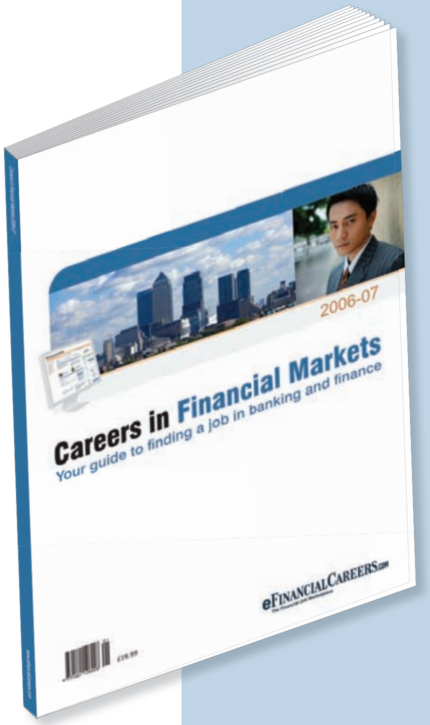

Student Centre

Like this book? You'll love the website. Our Student Centre is the place to go for the inside track on getting your first job in finance. Check regularly for new features and updates at www.efinancialcareers.co.uk/students.

What's going on?
The latest news for graduates.

Internships
The best way to get a job is by doing an internship. Find out all you need to know about applying and making the most of internships.

Graduate Programmes
Your complete guide to applications and choosing between employers.

Learn about the industry
Financial sectors explained: including even more sectors than *Careers in Financial Markets.*
Career paths: profiles of professionals in different roles and at different stages.
Jargon buster: know your assets from your equities

Top tips
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IT in Finance

Employers

How to use this guide

Sarah Butcher

Editor, eFinancialCareers.com

This guide is designed to be used together with our Student Centre, the new graduate site on eFinancialCareers.com. It will help you to navigate your way around the competitive world of financial services and provide an introduction to the careers on offer and different sectors concerned. This year, we also have new sections on banking IT and opportunities for accountants in investment banks.

On the website you will find the latest graduate hiring news, top tips from senior industry figures, the opportunity to ask questions of our panel of experts and much more.

By using the guide and website together, you will be among the best informed candidates around, which is half the battle when applying for a job in the highly competitive world of finance.

Good luck in your job search,

Sarah Butcher

top banking professionals.

Ask the Expert

Submit your question to our panel of industry experts.

Off the Record

What the banks won't tell you about getting that job.

A+ Applications

Expert advice on how to fill in those online application forms.

Numeracy Tests

Most banks will make you do one, so practice with our online tests first.

At a glance

- The industry is competitive and at the mercy of economic swings
- P is for performance – less than 20% of senior pay is base salary
- 'Hot' sectors are derivatives, private banking and compliance

A highly competitive industry

Demanding workplace with outstanding rewards

The investment banking industry is both highly competitive and highly prone to the ups and downs of the global economy. There are few other industries to which tens of thousands of graduates apply each year for just a few thousand places where you can make millions by your mid-30s. Equally, few other organisations are as ruthless as investment banks at making redundancies when business slides.

A career in investment banking is a bit like the lifecycle of a butterfly: you'll have to do your time as a grub (analyst/associate) before you can metamorphose into a beautiful winged creature (managing director). Successful managing directors earn fortunes and retire young, but unsuccessful bankers at any level are squashed early on. And, throughout your life, you're susceptible to being snuffed out by an adverse economic climate.

> **"In 2001 to 2003, banks cut their graduate intakes. As a result, demand has picked up and there isn't a pool of experienced staff to meet it"**
>
> Jim Nairn, The Cornell Partnership

Pay for performance

Investment banks pride themselves on being meritocracies. For example, John Harker, head of HR at Citigroup, describes the bank as having a "dynamic, entrepreneurial and meritocratic culture that encourages individual initiative while fostering an attitude of teamwork and support".

In plain English, this means two things. First, you will not progress, or keep your job, unless you are good. Following annual talent reviews, banks such as Goldman Sachs regularly cull 5% or more of their worst-performing staff.

Second, you will not become a multi-millionaire unless you also help to generate millions of pounds of revenues for the bank. Most banks cap salaries at £150k. Bonuses for top performers can add another £500k and more.

"Financial service firms have suppressed salaries in favour of performance-related bonuses for the past 20 years," says Alan Johnson, a New York City-based expert on investment banking pay structures. "If you're a senior person, less than 20% of your pay is base salary. The rest is down to performance. At junior levels, it's likely to be 50:50," he says.

Hiring and firing

The potential to be paid well is the upside to a career in investment banking. The downside is the propensity to lose your job. Banks have a reputation for hiring wildly when things are good and doing the opposite when the markets are bad.

According to the Centre for Economics and Business Research, a think tank, some 35,000 jobs were cut in the City of London between mid-2000 and early 2003, the last banking recession. Merrill Lynch alone made 24,000 redundancies globally in two years. The rash of redundancies post-2000 followed a manic hiring spree in the late 1990s. In 1996, for example, headcount at Goldman Sachs was 6,000; by 2001, it was 25,000 and by 2003 it was down to 19,500.

Michael Moran, chief executive of Fairplace, an outplacement company that provides advice and hand-holding to bankers who have been made redundant, says people wanting careers in the financial services industry need to be aware that it has a flexible approach to recruitment.

"Banks are very quick to change the number of people they hire – sometimes they'll bring in a lot, sometimes none. They are also very quick to downsize," he says.

To avoid being left high and dry, Moran advises would-be bankers to develop strong transferable skills – talents equally relevant to other industries or banking sectors – and to work for banks with established brand names. Having Goldman Sachs on your CV will leave you better placed to find a new job than a period at Bangkok Bank's investment banking unit, for example.

Graduate jobs

Banks' flexible approach to hiring extends to graduate recruitment. When times are hard, banks might cut recruitment in some divisions to little or nothing.

When times are good, there's a graduate hiring bonanza. The best known bonanza was in 2000, when banks upped hiring dramatically and increased pay by as much as 50% in an effort to compete with dotcoms. In the next two years, graduate vacancies fell by 25% and students found it increasingly hard to get jobs.

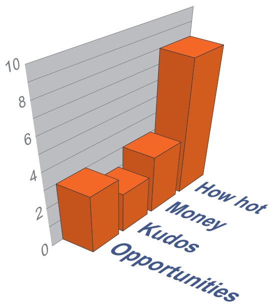
The good news is that at the time of writing (mid 2006), things are looking promising for graduates again. In late 2005, five out of eight investment banks interviewed by *eFinancialCareers* told us they expected to increase their 2006 intake by around 30%. However, this doesn't mean this will hold true for their 2007 intake.

The other good news is that because banks cut graduate recruitment so vigorously a few years' ago, there are now insufficient experienced juniors to go around. Recruiters report soaring demand for analysts and

associates with two to three years' experience.
"In 2001, 2002 and 2003, banks cut their graduate intakes and fired their analysts and associates," says Jim Nairn, a consultant at recruitment firm The Cornell Partnership: "The net result is demand has picked up and there isn't a pool of experienced staff to meet it."
This should be good news for graduates joining banks in the next few years, says Nairn.
"There's less of a chain of experience above them, so analysts and associates are getting much better exposure to the business," he adds.

Hot sectors

Bearing in mind the roller-coaster nature of the investment banking industry, it's worth giving some thought to where you want to work. Fixed income? Equities? Corporate finance? Choose carefully. You are not just selecting a job; you're positioning yourself in the financial services market, some areas of which are likely to be in a healthier state than others. Look at the individual sector articles for more detail, but for a quick guide to hot sectors, read on.

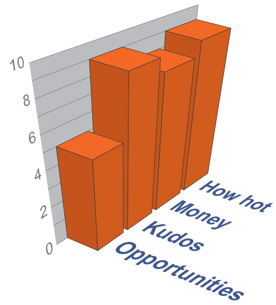


Compliance

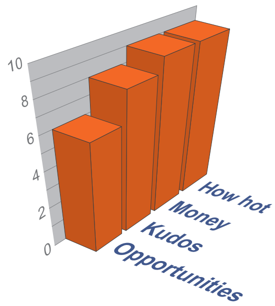
One area of persistent hiring is compliance. Tighter regulation of the banking sector by the Financial Services Authority (FSA) and a series of scandals, such as the production of biased research in order to win corporate finance mandates, are prompting banks to hire more staff to keep them on the straight and narrow.
Chris Hickey, head of the professional services division at recruitment firm Robert Walters, says there's plenty of demand for compliance professionals with more than one year's experience.
"There's a lot of hiring at this level," he says. "It's particularly focused in the derivatives area, where the market has grown so quickly that teams are understaffed."
Banks such as Goldman Sachs and UBS run graduate training programmes for compliance specialists. Other routes into compliance jobs include law, contract work or working in the regulatory division of a large accounting firm.

Mergers and acquisitions

Mergers and acquisitions is a more volatile sector in which to work. When things are hot, they're very hot, but when M&A deals stop happening, it is these bankers that are the first to be shown the door.
In 2006, however, M&A staff were sitting pretty. In the first quarter of the year, the value of M&A deals announced in the UK rose 43% to £58bn according to information



provider Thomson Financial. Unsurprisingly, soaring deals are encouraging banks to add M&A staff, particularly at the junior end. In April 2006, a survey by *Financial News* found that 96% of banks were planning to add junior M&A talent.
The rush of investment banks to recruit M&A bankers is driving up pay. Junior M&A bankers with just a year's experience can now earn £70k, while those with a mere two years' experience can earn £85k. After three years they're earning more than £100k. However, whether this level of pay will last when M&A market activity slackens is another matter.



Structured products

This is where demand for people is hottest at the moment and it is likely to remain this way for the foreseeable future. Structured products are complex derivative instruments based on underlying stocks, bonds, currencies or assets.
At their simplest, structured products might be futures – in which a buyer buys the right to purchase a financial product at a specified future date and price. At their most exotic, structured products might be single tranche collateralised debt obligations, which allow investors to purchase debt products tailored to their degree of risk appetite.
As a rule, the more complex the products, the greater the demand for employees.
"Most banks are interested in hiring structured product specialists," says Hemendra Rai, a consultant at recruitment firm Huxley Finance.
Recruitment in structured products is being driven by a quest for better investment returns – derivatives based on underlying debt and equity products have been one of the only ways for investors to achieve high rates of return.
If, ultimately, you want to work with structured products, you should train in a sales, trading or capital markets role. If you decide to move into operations, you could also end up clearing and settling derivatives transactions. Traders who work with structured products will typically need an MA, or even a PhD in a mathematical subject.

At a glance

- Expect to spend at least three years at each level
- As few as 6% of directors make it to MD
- Many VPs move banks to make the next grade

Rungs on the ladder

From analyst to MD – the ‘typical’ investment banking career

Whether you join a small European investment bank or a large US bank, you’ll encounter roughly the same retinue of job titles, in the same order of importance.

Analyst

This is the lowest position of all and is what graduates become when they join. In investment banking speak, “analyst” is simply another way of saying “trainee”.
What analysts do varies from division to division.
In corporate finance, analysts are hardworking number crunchers who put together pitchbooks (company and sector research that helps banks win bids) and analyse a company’s financial products. In sales, analysts telephone relatively unimportant clients on non-crucial matters. On the trading floor, analysts can’t trade until they’ve passed their regulatory exams and even then, they are heavily constrained until they have proven they’re not going to press the wrong button and lose a small fortune. At most banks, you will be an analyst for three years. The bank then decides whether or not to renew your contract and you have an option whether to stay on.
So what does it take to move up to the next rung? “We would expect an analyst being considered for promotion to demonstrate real leadership potential, the ability to develop a sometimes contrary point of view and to articulate it persuasively, and an understanding of client motivation and the commercial backdrop to their work,” explains Calum Forrest, head of recruitment at Goldman Sachs.

> **“It’s about individual performance, revenue generated and client service. If you progress smoothly, you can become an MD by the time you’re in your early 30s”**
>
> Richard Davies, Morgan Stanley

Associate

The next rung on the ladder, associates, are analysts who have made the grade or business school students who joined after studying a Masters in Business Administration (MBA). Associates typically have a team of analysts in their charge, to whom they allocate work. Expect to be an associate for another three years before moving up to the next rung – vice-president (VP).

Vice-president

At this level, life starts to become exciting. The title sounds grand, but don’t be deceived: vice-presidents are plentiful at any large investment bank. As a VP in corporate finance, you’ll manage the day-to-day affairs of the associates and analysts beneath you, and you’re likely to have more contact with clients. If you work in sales, trading or research, you should have your own book of customers, more relaxed trading risk parameters or your own list of companies to research.
You’ll typically be a VP for three years, but you could be here for much longer, as the job can become a bit of a sticking point. “For the first five years, it is very much year-on-year progression if you perform well,” says John Harker, head of HR at Citigroup, “Once you make it to VP, further progression is not guaranteed. It depends on a much greater number of variables than at analyst and associate level. These include working effectively with your peers and supporting the bank’s values.”
VPs who fail to progress at one bank tend to move to another, where they can join at the next rank up – director or executive directors.

Executive director or director

By this point, the top rungs of the ladder are within your grasp. Executive directors or directors (the titles are used interchangeably) are the right-hand men and women of the real potentates of the investment banking world – the managing directors. In corporate finance, executive directors help managing directors cope with the daily whims of client companies. In sales and trading, they have bigger and more important clients to call, or even larger trades to place.

Managing director

You’ve made it! Managing directors (MDs) are the upper echelons of the banking hierarchy. They typically make the most money, have the biggest offices and command the most respect. MDs are the people who deal directly with clients and originate (bring in) business.
As with any pyramid structure, very few people who started as analysts make it this far. At one large US bank, only 6% to 8% of directors are promoted to managing director each year. At Goldman Sachs, there are little more than 1,000 managing directors for 20,000 employees.
To make MD, Richard Davies, executive director of HR at Morgan Stanley, says: “It’s about individual performance, revenue generated and client service. If you progress smoothly, you can become an MD by the time you’re in your early 30s.”

Exception to the rule

Although this hierarchical structure exists across banks, it’s less noticeable in sales and trading divisions. Sales people and traders work on their own to make money, so if you’re an exceptionally talented VP on the trading desk, there is every chance you could earn more than an MD.

At a glance

- Graduate candidates face forms, interviews and tests
- A 2:1 and 320 UCAS points are the minimum grades preferred
- Most candidates fail at the first hurdle – the application form

The recruitment process

Applications, interviews, assessment and, if you're lucky, a job

If you want to join an investment bank as a graduate trainee, you will need to show your pedigree during the banks' multi-hurdle hiring process.

Hurdle 1: The application form

If applications to work in investment banking were a horse race, most people would fall at the first hurdle. According to the graduate research company High Fliers, a large investment bank receives, on average, 60 applications for every graduate level job. That's 9,000 candidates for the 150 or so places on the average bank's graduate recruitment scheme. Over 7,500 are eliminated at the online application form stage.

> "People don't always have the right depth of knowledge about the industry or the company they've applied to"
>
> Brian Hood, Citigroup

Academic criteria are the main stumbling point. Banks such as Merrill Lynch, Bank of America and Deutsche Bank specify that would-be candidates must be on track for a 2:1 and have a minimum number of UCAS points (typically 320 or more). If you don't meet the grade, you won't get any further than this.

However, even if you're on track for a first and you've got five A grades at A-level, the application form could still trip you up. SallyAnn Birchall, head of graduate recruitment at Deutsche Bank, says most candidates fall down on the grounds of poor spelling, poor punctuation and a lack of attention to detail.

Calum Forrest, head of recruitment at Goldman Sachs cites a tendency for candidates to cut and paste responses from one bank's application form to another. "People will apply to us saying they've always wanted to work at Merrill Lynch," he says.

To do well on the application form, it is a good idea to prepare your answers offline and proofread them carefully before submitting. Make sure you are answering the questions and try to do it concisely.

It is also an idea to get your application in early. Vivienne Dykstra, a former investment banking graduate recruiter turned graduate recruitment consultant, says the best applicants are the first off the mark. Banks are quick to invite these early applicants in for interview as soon as possible, she says.

Hurdle 2: The numeracy test

Banks are increasingly using tests to check whether candidates are more than vaguely numerate. Some, such as Merrill Lynch, also use verbal reasoning tests to establish whether candidates can think logically in the English language.

Numeracy tests typically eliminate another 50% to 60% of applicants, says Dykstra.

"They're a fairly blunt instrument, but we know numeracy is critical and we need to cut down the number of applicants that look good on paper," she says.

Numeracy tests are supposed to be academically neutral – they are designed to test your underlying numerical ability, not your knowledge of advanced calculus.

They are also supposed to be impossible to prepare for. However, a little advance practice is unlikely to do you any harm.

A lot of banks use numeracy tests from SHL, a UK-based test provider. The company offers sample questions on its website at www.shl.com/shl/uk – click on Practice Tests in the top left corner.

Hurdle 3: The first interview

If you make it through the application form and the numeracy test, you can expect to be invited to a first interview. By this stage, only around 1,100 of the original 9,000+ applicants will still be in the running.

First interviews typically take place in the familiar environs of your university campus. There, you will face a less familiar panel of several interviewers made up of junior people from the business area to which you have applied and people from the human resources department.

The first round is all about ensuring you're the right kind of person for the bank. All banks have a list of skills/personal characteristics, known as competencies, which they try to identify. These tend to be fairly generic and include:

- Team building
- Communication skills
- Pro-activeness
- Assertiveness
- Leadership skills

Questions asked at this stage are designed to elicit examples of desired behaviours and might include: Give an example of a situation when you demonstrated leadership.

Joanne Scott, the head of resourcing at Morgan Stanley, says questions are designed to be open-ended. She says responses can cover any subject area, within reason, as long as they are detailed and specific to the candidate. "It's no use talking about leadership in terms of 'we'," she says.

At this stage, recruiters will also make some effort to probe your knowledge of investment banking and your motivation for working for that bank in particular. Brian Hood, the head of graduate recruitment at Citigroup, says plenty of candidates respond inadequately.

"People tend to be very good at talking about the projects they've been involved in, but they don't always have the right depth of knowledge about the industry or the company they've applied to," he says.

As well as knowing about the banking industry in general, Birchall at Deutsche Bank says candidates will need to demonstrate real interest in, and understanding of, the area of the bank in which they'd like to work.

"You need to show knowledge of the type of deals that have been going on in the past year and which industry groups are doing well," she says.

Hurdle 4: The second interview

If you create a credible impression of being a banker who is both a team player and a leader, and who is knowledgeable about the profession and the bank, you should be invited back for more.

By this stage, around 320 of the original 9,000 applicants are left. Between half and two-thirds will receive the coveted offer of a full-time place.

The main thing distinguishing second-round interviews from the first-round is a greater emphasis on technical aptitude. The bankers interviewing you will want to ensure that you have the ability to function under pressure and have at least a basic understanding of how the business works.

To this end, applicants for fixed-income sales roles might be asked how bond prices respond to interest rate adjustments and why. Applicants for foreign exchange (FX) trading roles might be asked to explain how interest rates adjust to the price of FX options.

Hurdle 4.1: The assessment centre

At some banks, the series of second interviews is replaced or preceded by something altogether more challenging: an assessment centre.

Assessment centres involve a series of tests intended to allow banks to scrutinise how people would perform at work. They typically include another interview, a numeracy test, a group discussion and a presentation. All this takes place during the course of a single day and around 12 candidates participate.

The most challenging part of the assessment centre is the group discussion. Around six candidates are given a set amount of time to solve a problem together. The aim is to assess team-building

Profile

James Coppin
Analyst, Bank of America

James works in the global industries team within the corporate and investment banking division at Bank of America. He joined the London office in August 2004 after completing the bank's four-week training programme in New York. James read economics at the University of Cambridge.

Can you describe the application process?

My career at Bank of America started with an internship in the summer of 2003, so my application process was very much in two stages. For the internship, I completed an online application form, attaching a CV and covering letter. I then had to take a numeracy test, followed by two interviews – one with a junior banker and one with the managing directors of the global industries team. The internship comprised daily challenges, on which I was assessed, as well as formal interviews with MDs, which led to a full-time job offer.

What's the trick to filling in application forms?

Do as much as you can to find out about the bank to which you're applying. I used two main channels – people who were in the years above me at university and careers fairs. Using these, I was able to get a good feel for the atmosphere at Bank of America and the fact that it's growing fast in Europe. This enabled me to include some intelligent comments on the application form.

What were you asked during the two interviews?

The first interview explored my background and whether I would be a good personality fit with the organisation. I was asked a lot about my team and interpersonal skills. The second interview was more technical; it also tested my drive and reasons for wanting to work in banking. One of the toughest questions was being asked what my friends would say my weaknesses were.

James's tips — Notes

- *Research carefully and talk intelligently about which bank you want to join and the division in which you want to work.*
- *Think hard about whether you want to go into investment banking, debt capital markets or the trading floor.*
- *Show enthusiasm, a real desire to learn and a broad range of interests and skills.*

skills, which can prove a problem for assertive would-be bankers. “Some people are not inclusive and don’t encourage the quieter ones to join the discussion,” says Karen Mckinley, head of graduate recruitment at RBS. “They talk over them and prevent them from participating.”

In the team-oriented world of investment banking, this is a no-no. John Sponton and Stewart Wright, authors of *Succeeding at Assessment Centres in a Week*, offer some advice on how to curb alpha male (or alpha female) instincts.

They include don’t interrupt, don’t monopolise the conversation, address other people by their first names and invite them to contribute.

The presentation can also be a sticking point. McKinley says candidates are asked to analyse some data and use it to present a convincing argument around a particular point. The main failings include not identifying the salient points, presenting a weak argument (in a feeble voice) and changing your views when challenged.

Hurdle 5: The exploding offer

Finally, even if you do make it through the second interviews, or the assessment centres, you may have to deal with a final obstacle: the exploding offer. This refers to banks’ tendency to issue a deadline by which candidates have to accept their offer before it “explodes”, meaning when the offer is withdrawn.

“All students will be given an exploding date by which to make a decision,” says Hood at Citigroup.

This can be a problem if you have several offers – and particularly if you have several offers from your second and third choice banks – and are waiting to see if you receive an offer from your first choice.

The best advice? Tell the top banks on your list and leave the rest in the dark. If a bank knows you have several offers and are in a dilemma about which to choose, it may make allowances for you.

In reality, however, very few graduate banking candidates will be this spoilt for choice. A foot in the door is your first objective – and a good spellchecker is the first step on your way.

Profile

Gintare Karciauskaite
Emerging markets sales executive, JP Morgan

Gintare joined JP Morgan in London in August 2004 after reading business studies at Edinburgh University.

What are the main elements of the recruitment process?
I completed an application form and was then invited to take a numeracy test and attend an initial interview. The following week, I was invited back again for an assessment centre and then I was invited back for interviews with another six members of what is now my current team.

How did the interviews differ?
The first interview focused on why I was interested in working for JP Morgan, why I wanted to work in sales and why I wanted to work in fixed income rather than, say, equities. The second interview, during the assessment day, was spent running through my CV and discussing my academic and relevant personal experiences. The final six interviews were devoted to ensuring I had some knowledge of the business, that we all got along and that we’d be comfortable working together.

How did you convince the interviewers to invite you back?
I was honest. I also demonstrated my interest in finance and sales by talking about my past experiences. For example, I mentioned my role in the investment club at Edinburgh for three years and that I’d completed some sales-focused internships at a big car manufacturer and a bank in eastern Europe. I also made it clear that I was keen to work in fixed income at JP Morgan rather than any other institution, as I knew the firm is a leader in this field.

What was the most challenging part of the process?
The numeracy test was tough and more complicated than I anticipated. When I went into the interview, I mentioned I hadn’t done as well as I could do and that the numeracy test wasn’t an accurate reflection of my abilities.

What about the assessment centre?
I was given a role play scenario in which I had to act like a sales person trying to sell a commodity. I had half an hour to prepare and then I had to sell it to an assessor. The emphasis there seemed to be on how I handled the call, rather than the actual detail of the product offered.

Gintare’s tips: Notes

Make sure you put across in a clear and confident way why you are suitable for your chosen role.

It’s important that the application form stands out, so spend time filling it out and get help if necessary.

Never lie, but also don’t humble yourself.

At a glance

- Banks hire 50% or more of their graduate in-take via internships
- Internships typically take place in the second year of university
- You'll be paid up to £650 per week

Internships

A vital part of banks' graduate selection

Investment banking internships come in various guises. Banks such as Goldman Sachs, JP Morgan, Morgan Stanley, Lehman Brothers, Royal Bank of Scotland (RBS), Merrill Lynch and Credit Suisse all offer week-long internships to first-year students. Many also offer six- to-12 month internships for IT students. However, the most important internship occurs in the summer holiday before the final year of your university course.

An intensive, 10- to 12-week period of work experience, the typical investment banking summer internship might sound like hard graft. But what's in it for you?

> **"People who have completed a summer internship have concrete examples of why they want a career in banking. As a result, they often come across better at interview"**
> SallyAnn Birchall, Deutsche Bank

First, the pay. Going rates for summer internships in 2006 were between £450 and £650 a week. Second, the training. Interns do many of the things graduate trainees do on a daily basis. Most importantly, for those who are successful, there's the potential of a full-time job offer.

"Internships have become an increasingly significant part of our graduate hiring process," explains Calum Forrest, head of recruitment at Goldman Sachs. "Instead of relying purely on an interview, we have a 10-week opportunity to observe someone doing the job. At the same time, that person can establish whether it's really what they want to do and whether they want to work for us," he adds.

At most investment banks, at least 50% of full-time graduate vacancies go to applicants who took on an internship the previous summer. At some banks, the figure is even higher: Bank of America, for example, planned to fill 80% of its full-time positions in 2005 with former interns.

Few are called...

Competition for internships is fierce. There are hundreds, or even thousands, of applicants per place and banks use online application forms, multiple interviews and numeracy tests to make their selection.

Karen McKinley, head of graduate recruitment at RBS, says applicants for internships are expected to meet the same entry criteria – an expected 2:1 or above – and to demonstrate the same level of interest in a banking career as full-time graduate hires.

If you're one of the fortunate few selected as an intern, rest assured that you won't spend the summer making tea. At most banks, internships begin with a classroom-based introduction to the industry, after which interns are unleashed on their chosen division, where they do real (hard) work.

At Deutsche Bank, every summer intern is given training, real-life case studies and a project to work on.

"It's crucial that we literally try people out on the work that they would be doing full-time", says SallyAnn Birchall, head of graduate recruitment at Deutsche.

"Internships are designed to provide an experience as close as possible to that of a graduate trainee," says RBS's Karen McKinley.

At the start of each RBS internship, the interns sit down with their line managers and create a list of skills and experiences they want to gain. The work they do ranges from producing research reports to helping to improve the efficiency of back-office processes.

Even fewer are called back

Recruiters agree that converting an internship into a full-time job offer is about being proactive.

"Perform well, show initiative and get involved," advises Brian Hood, head of graduate recruitment at Citigroup. "Securing an internship will not automatically result in a full-time offer. We're looking for people who make the most of the opportunities with which they are presented," he says.

Most banks assess interns' performance twice during the 12-week period: once in the middle and once at the end. If you do badly in the midway assessment, McKinley of RBS says you'll have an opportunity to redeem yourself.

"If someone isn't being proactive enough, the midway assessment gives them a chance to turn that around for the remainder of the programme," she says.

And for the many who miss the internship boat...

If you don't secure an investment banking internship, it need not be the end of the road for your planned career. Most banks are open to receiving applications from students that have not had an intern placement during the summer. However, you will be at a disadvantage – and not just statistically.

"People who have completed a summer internship have concrete examples of why they want a career in banking," says Deutsche's SallyAnn Birchall, "As a result, they often come across better at interview."

So, guess who'll be swapping the snorkel for the pinstripe suit next summer?

Profile

Sim Ee Cheah
Quant modeller, Morgan Stanley

Sim Ee Cheah joined Morgan Stanley's equities division in July 2005 after completing an internship in 2004. She has a BSc and MA in chemical engineering from Cambridge University.

What prompted you to apply for a banking internship?
When I came to Cambridge, I'd never even heard of investment banking. But in my first year I went to a lot of campus presentations and informal drinks sessions at finance societies and came to the conclusion that I'd be well suited to the fast-paced environment of a sales and trading role. I wasn't sure whether I wanted to work with fixed income or equities products and an internship seemed an ideal opportunity to find out more.

Did you intern in the department you're working in now?
During the internship, I spent a lot of the time on the structured sales desk learning about selling derivative products. I now work as a quant modeller, which means I help to build models for exotic options pricing.

How was the internship spent?
The first half of the 10-week programme was spent moving between different roles on the sales and trading floor. I spent the second half on the structured sales desk and got to learn about the kinds of products we offer clients and how they worked. For example, I ran some back testing to see whether products are viable. This means pulling up some historical stock prices for the past decade and seeing how a derivative based on that stock would have reacted to changes in the market.

What did you gain from your internship?
The internship was the perfect opportunity to find out whether this was the career for me. It confirmed I'd made the right choice.

Cheah's tips: Notes

- *Do your homework – read the financial papers. If you're interested in derivatives and know nothing about them, buy a book on the subject.*
- *Go to campus presentations and meet people from the banks. No two banks are the same and they're an important means of finding out about the culture of the organisation.*
- *Work very hard during the internship. You've already got one foot in the door, so it's important to learn as much as you can.*

Profile

Ian King
Analyst, Deutsche Bank

Ian King joined Deutsche Bank in July 2004 after reading economics and history at Durham University. He works in the natural resources team within Deutsche's global banking division and completed a summer internship in 2003.

What prompted you to do an internship?
When I applied back in September 2002, the investment banking job market was very tight. Friends told me it was almost impossible to get in without an internship and it seemed an ideal way of finding out what a job in banking was really like.

Did you spend the time photocopying and making tea?
Not at all! It began with an initial training period, when I absorbed as many basic banking skills as possible. Then I was thrown in at the deep end. It's a bit daunting when you don't even know some of the basics behind putting together a pitchbook. However, you pick things up remarkably quickly and, by the end of the internship, I even started working on a live oil and gas deal.

What did you learn during the internship?
It was all tip-of-the-iceberg stuff, but I got a real feeling for what a job in corporate finance is all about. It was hard work – leaving the office before 9pm becomes a bit strange, but it was a fairly realistic introduction to the investment banking lifestyle.

Was it fun?
I had a really good summer. It was a fairly rock-and-roll existence, working hard but partying hard too. I went out a lot with the other interns. We were all fairly conscious that it was summer and, unlike some of our friends, we weren't slobbing on the beach in Thailand, so we made the most of the fact that we were living in London for 10 weeks.

Ian's tips: Notes

- *Throw yourself into the internship to get a real feel for what banking is all about.*
- *Make an effort with other people: you need to develop a good rapport with your team, especially if you want a job offer at the end of your internship.*
- *And finally, perhaps the ultimate cliché – enjoy it!*

At a glance

- Investment banks do not run identical programmes
- Look at a programme's location, duration and breadth
- Choose a bank that allows rotations

Graduate training

Programmes vary considerably

If you want to be a graduate trainee in an investment bank, the chances are you have not thought much beyond the daunting application process. It is also worth thinking about the training itself: some banks do it differently to others.

Superficially, programmes are very similar. Whether you join CIBC World Markets or Goldman Sachs, you will have to work hard and learn very fast. First you will be put through a course that teaches fresh graduates investment banking know-how, including financial modelling, bond pricing and stock option theory. Then you will be unleashed onto a particular division – the start of a training programme that typically lasts two years. Similar enough so far. But scratch the surface and banks' training programmes are not as similar as they may at first seem. Differences are focused on four main areas:

- Location: Where does training take place?
- Duration: How long does it last?
- Delivery: Who delivers the training?
- Breadth: How much opportunity is there to learn about different areas of banking?

> "Time in New York is a huge opportunity to build networks and learn how the bank works on a global level"
>
> Natalie Hildon, Merrill Lynch

Location

Where do you want to train? New York? London? Amsterdam? Tobago? Unfortunately, Tobago is not on the list of training destinations, but everywhere else is. For example, Goldman Sachs, Merrill Lynch, Morgan Stanley, CSFB and JP Morgan send some or all of their trainees to New York to learn theory. This is not just a chance to have fun in the Big Apple while finding out the difference between a "put" and a "call" option; it's also about meeting your graduate counterparts.

"Time in New York is a huge opportunity to build networks and learn how the bank works on a global level," says Natalie Hildon, graduate recruitment marketing advisor at Merrill Lynch.

If Amsterdam grabs your imagination, ABN Amro is the place to go – the bank puts its recruits through six weeks of intensive training at its Amsterdam-based Academy of Finance when they join.

Most banks also have an element of initial classroom training in London, which is, in any case, where most European graduate trainees come back to after the initial theoretical training is over.

Duration

Including classroom and on-the-job training, most graduate programmes last two years. However, time in the classroom varies from just six weeks to as much as four months – the latter mostly in complex areas like IT and private banking. Banks whose trainees spend a long time in the classroom say it's an advantage.

"You need to look at how much time is invested in training," says Louise Murray in graduate marketing at JP Morgan, "All our students spend eight weeks in the classroom and receive ongoing training in business-specific areas over the next three to five years and beyond."

Delivery

The big banks tend to be proud of the fact that they use their own senior bankers to deliver at least some of their training programmes to graduates. "It's not unusual for our most senior leaders to deliver classes on how to be a more effective manager or how to serve clients, for example," says Calum Forrest, head of recruitment at Goldman Sachs. "When we teach you about how to value equity derivatives, the head of equity derivatives will present the models," says Ellen Miller, head of European graduate recruitment and development at Lehman Brothers. And if senior managers aren't delivering the training, expect professional training companies instead.

Breadth

You want to work in fixed-income sales? Is that selling high-yield bonds or government debt? You probably don't know at this stage, which is why it might be an idea to join a bank that will let you work in different areas. Trying out different parts of a bank is known as rotating. Merrill Lynch, for example, allows trainees entering its global markets division to do two three-month assignments in its debt and equity group. Morgan Stanley permits trainees in its fixed-income division to do four six-month rotations over a two-year period. Lehman allows trainees in its fixed income and equities division to undertake a few three-week rotations before settling.

Buddies and mentors

Finally, ask if the bank you're thinking of joining has a system of buddies and mentors. Buddies are recent trainees who answer simple questions. Mentors are more senior people who may become your long-term guru. "There is a big support system for our graduates," says JP Morgan's Murray. "We offer a more human approach."

Profile

Helen Williams
Analyst, JP Morgan

Helen is a second year analyst on the operations, finance and business management graduate programme at JP Morgan. She is currently working in the rates hybrids middle office.

Can you outline your experiences as a JP Morgan trainee?
Directly after joining the bank I spent two weeks on an induction course, which provided an introduction to investment banking – and to JP Morgan. It also allowed me to meet and get to know the other graduates on my intake. I then began my first rotation, which I'm still on today, in the rates hybrids middle office.

What's that?
The rates hybrids middle office deals with structured interest rate derivative products. My role is primarily a trader support role. This involves booking and approving trades to ensure our trade loadings match the legal documentation, and producing the profit and loss figures for daily new trade activity.

How does the rotation system at JP Morgan work?
The operations, finance and business management graduate programme lasts for approximately two and a half years. During that time, you typically rotate between two or three roles across the divisions. The first rotation lasts for nine months to a year and is arranged by the graduate recruiters. However, trainees decide where they would like to do their other rotations. Available roles are advertised on the graduate programme website and graduates must take the initiative to apply. Although mobility is encouraged, there's no obligation to rotate.

What's been the most challenging part of the programme?
Learning about hybrid derivative products, how they work and how they are modelled has been very challenging.

Helen's tips: Notes

- *Get as much work experience as you can. This will be of great benefit when applying to jobs both in terms of experience and interview practice. JP Morgan offers summer and six-month internships, as well as Spring Week, which is aimed at first-year university students.*
- *Show initiative; do things that are above and beyond what is expected of you to get noticed.*
- *Network – make the most of your contacts among the graduate trainees, who will be placed in different roles throughout the bank.*

Profile

Peter Jones
Associate, Bank of America

Peter is a first-year associate in the structured securities group at Bank of America. He joined the bank in June 2004 after reading economics at the University of Cambridge.

What does your job entail?
I work within the European collateralised debt obligation (CDO) origination team. CDOs are a form of credit derivative that allows investors to buy debt that suits their risk appetite. In the origination team, we work with European asset managers to create CDOs for sale to the bank's global client base.

What led you to this role?
I first came to Bank of America in 2002 for a summer internship with the investment banking (M&A) side of the business. Following that I decided I'd rather work in a markets-based position, so I came back for another internship in 2003, this time on the fixed-income trading floor. I spent 10 weeks working with the structured securities team and was invited to join it when I left university.

Can you outline your experiences on the programme?
Straight after I joined, I spent a week in London learning about basic accounting and finance with other trainees. We were then sent to New York for six weeks of classroom training. Since then, it's been a question of learning on the job. I had an advantage because I spent 10 weeks interning here before I joined, but it's still challenging. I spent three years at university studying established economic theory, which isn't necessarily a great preparation for the contemporary and innovative world of CDOs!

Have you had a chance to explore other areas of the bank?
The opportunity is certainly there, but I chose to stick to the area to which I was recruited.

Peter's tips: Notes

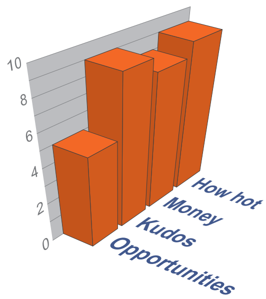
- *Unless you already know which area of a bank you want to work, look for something that will give you the flexibility to move around.*
- *Programmes that let you spend time in the US are an added bonus, but it's not really about location.*
- *Look at the length of the initial classroom training – one or two weeks isn't really enough.*

At a glance

- 2005 was the best year for M&A in Europe since 2000
- The ‘pitchbook’ is the core tool of M&A bankers
- Be prepared for punishing hours

Mergers & acquisitions

The international jet set of investment banking



Strictly speaking, it would be more accurate to talk of MA&D than M&A. As well as mergers, in which two companies join as equals, and acquisitions, in which one company buys all of or part of another, M&A bankers also work on disposals, helping client companies sell all or part of their business.

Most large investment banks become involved only in the biggest deals – those worth at least $150m (€118.5m). Lower value transactions worth $20m to $150m are typically dealt with by the M&A divisions of accountancy firms. Transactions worth less than $20m are the domain of solicitors and high street banks.

Trends

European M&A had a boom year in 2005. According to data provider Thomson Financial, the combined value of M&A deals in Europe rose 37% during the year to exceed $1 trillion for the first time since the internet boom of 2000.

Several large European M&A deals punctuated 2005. They included Gas Natural’s $51.2bn unsolicited offer for Spanish power company Endesa and the $18.3bn merger of Italian bank UniCredito Italiano with German bank Bayerische Hypo- und Vereinsbank.

Early 2006 has proven just as frenetic. The value of European M&A deals rose 114% during the first three months of the year, compared with the first three months of 2005. The three biggest deals announced had a combined value of $56.7bn and the largest deal completed in that quarter was Spanish company Telefonica’s acquisition of O_2, valued at $31.8bn.

> **“M&A is strategic advisory work. You need to be confident talking to senior management at client companies about their strategic options”**
>
> Calum Forrest, Goldman Sachs

Private equity firms (see the private equity sector for more information) continued to play an important role in buying and selling companies. But “trade buyers” – companies working in the same industry that buy a competitor or another company with a complementary business – also came back to the market.

Key players

The top players in European M&A are consistently the so-called US bulge-bracket banks – Goldman Sachs, Morgan Stanley, JP Morgan and Merrill Lynch. Rival US banks Citigroup and Lehman Brothers, German-based Deutsche Bank and Swiss-based UBS are also heavy hitters, while the UK’s Rothschild and French banking group BNP Paribas were featured among the top players in 2005.

European announced M&A 2005

Advisor	Value	No of deals
Goldman Sachs	$417.0bn	190
JP Morgan	$340.5bn	210
Merrill Lynch	$303.9bn	145
Morgan Stanley	$291.0bn	184
Deutsche Bank	$288.4bn	155
Citigroup	$274.3bn	155
UBS	$269.5bn	191
Lehman Brothers	$201.7bn	101
Rothschild	$200.7bn	238
BNP Paribas	$193.2bn	103

Source: Thomson Financial

Roles and career paths

Mergers and acquisitions is an advisory role, with M&A bankers providing advice to client companies on all aspects of buying, selling and merging with other companies. They are typically part of a broader “corporate finance” advisory team, which also advises client companies on how to raise the money needed to finance a transaction.

As a rule, the more senior you become in M&A, the more contact you have with clients. As a junior banker, or analyst, you will spend a lot of time working on “pitchbooks”. These are documents outlining a bank’s ideas for a particular transaction – for example, should the client buy company X or Y and, if so, how will they finance the deal? Analysts in the M&A division usually conduct basic industry research for the pitchbook and build the financial models used to price the companies concerned. One notch higher than analysts in the banking hierarchy are associates, who oversee analysts’ work and check their models are correct. Further up the scale are vice-presidents, who survey the work of analysts and associates, and often ask for the pitchbook to be partially or completely re-written (even if it means staying up until the early hours of the morning making last-minute changes). Vice-presidents report to directors and managing directors, who “own” the client relationship (ie. are the main point of client contact).

It is usual for pitchbooks to come to nothing: clients decide not to go ahead with the suggestions or engage a rival bank. However, when a pitchbook elicits a positive response, the M&A team move into “execution” mode – seeing the deal through to completion.

Live M&A deals are seriously hard work. The people involved often work days, nights and weekends, and are at their clients’ beck and call. Once a deal is underway, junior bankers can expect to be kept very busy assembling the reams of financial information and legal documentation required for its completion.

Mergers & acquisitions (continued)

Pay

There are indications that junior M&A bankers saw a very healthy increase in their pay in 2005. According to recruitment firm E-M Finance, first-year analysts in corporate finance received bonuses for 2005 that were three times higher than those for 2004, taking their pay as high as £70k (€102k).
If true, this means junior corporate financiers are now among the best paid staff in banking.
If you make it to director, a process that is likely to take around nine years and involve strenuous efforts to climb the corporate ladder, your salary could reach £500k or more. Top managing directors in M&A can make several million. But even senior M&A bankers lag far behind the best paid traders.

Junior corporate finance pay – London 2005

Level	Salary range (£k)	Bonus range (£k)
1st year analyst	35 – 38	18 – 35
2nd year analyst	40 – 44	31 – 49
3rd year analyst	47 – 49	40 – 59
1st year associate	55 – 58	23 – 35
2nd year associate	58 – 64	98 – 149
3rd year associate	60 – 70	120 – 230
1st year vice-president	75 – 90	170 – 290
2nd year vice-president	85 – 94	220 – 340

Source: EM Finance

Skills

The M&A sector is very popular with graduate applicants. "Most of our applications go to corporate finance," says Anand David, global head of recruitment at UBS. "It's seen as the most glamorous part of the business. But we also hire more people there – this year we're looking for 70 analysts in investment banking and only 30 to 50 in capital markets."
If you're to be one of the lucky ones, you'll need an excellent academic record and a demonstrable appetite for hard work. Susan Kilsby, European head of M&A at Credit Suisse, says candidates also need to be good negotiators and that a second European language, while not essential, is an advantage.
As Calum Forrest, head of recruitment at Goldman Sachs, points out: "M&A is strategic advisory work. There's a slower burning fuse than is typical on the trading floor. You need to be able to see a project through to completion and to be confident talking to senior management at client companies about their strategic options."
If you want to execute an M&A deal and prepare a pitchbook, Jonathan Baines, a headhunter specialising in M&A at Whitehead Mann, says you'll need to be analytical and not averse to number crunching. But to make it to the top, Baines says you'll need a different skillset altogether. "You need the communication skills and self-confidence to strike up a genuine relationship with the chairman and chief executive of a FTSE 100 company," he says.

Profile

Dan Abrahams
Associate, Deutsche Bank

Dan Abrahams is a newly promoted associate in the UK M&A team at Deutsche Bank. He joined the bank in 2003 after completing a summer internship in 2002. Dan studied economics and management at Oxford University.

What does your role involve?
There are two sides to M&A: marketing and origination – building relationships with clients and finding deals to work on, and execution – making deals happen.
My role so far has mainly been on the execution side. I help coordinate the parties involved in a deal, such as accountants, lawyers, companies and private equity firms. A lot of it is down to project management. I also do financial analysis, including valuing businesses and working out what they could be bought or sold for.

What's the most exciting deal you've worked on?
I recently worked on the German industrial group Linde's £8.2bn proposed takeover of its UK rival BOC, announced in March this year. Big deals involving public companies are very exciting, particularly as they near completion, when activity increases.

What skills do you need to get ahead in corporate finance?
Because the hours in this industry are long, you'll need stamina and enthusiasm – it's a lot easier to work with someone if they can remain positive, even late at night. You'll also need to be able to maintain your attention to detail in a highly time pressured environment. And you'll need to be a good organiser and communicator in order to liaise with everyone involved in a deal.

Dan's tips: Notes

Don't be put off by the thought that your degree discipline may not be relevant. There are all sorts of people working in M&A with all types of degrees – a history degree is viewed as just as useful as one in economics.

Look at career guides to establish exactly what the role involves. There are hundreds of jobs in investment banks and M&A is just one of them. Explore the alternatives to make sure you pick the right one for you.

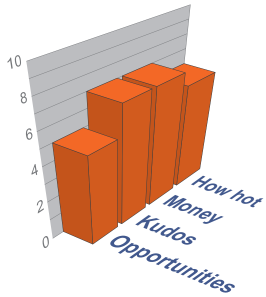
Network: Make the most of every opportunity you have to talk to people working in M&A roles. Most banks send people to campuses to meet students. Alternatively, pick up the phone – we often get calls from graduates who are interested in a position and are only too happy to address their queries.

At a glance

- Capital markets bankers help companies raise new money
- They do this by issuing shares (ECM) or bonds (DCM)
- Top originators can earn more than £1m

Capital markets

Get in on the ground floor



Capital markets divisions are where traded financial products are born. Working on the "factory floor" of the financial markets, these... er... blue collar bankers produce financial products for companies and institutions that want to raise money. The two main products are shares, traded on the equity capital markets (ECM), and bonds, traded on the debt capital markets (DCM).

1) *Shares:* Also known as equities. If you own a share, you own a tiny "share" of a company. Shareholders receive a proportion of the company's profits in the form of dividends. If a share price rises, investors can sell the shares at a profit; if it falls, they can make a loss.

2) *Bonds:* A form of debt. Like equities, a company (or a government) sells bonds to investors to raise money. However, at some point in the future, the company promises to pay the bond holders back. Since bonds can also be sold on to other investors (in the bond markets), the bond holder who is eventually reimbursed is likely to be totally different to whoever bought the bond originally. Until the redemption date, anyone who owns a bond receives interest payments from the company as thanks for lending it their money. Because these interest payments take the form of a fixed-cash sum, bonds are known as fixed-income products. Similarly, the bond markets can be known as the fixed-income (FI) markets.

As well as simple equities and bonds, capital markets divisions also issue more complex products, such as equity-linked products (bonds that can be converted into equities at a pre-arranged price) and derivatives.

Fixed-income capital markets are a lot larger than equity capital markets. According to data provider Dealogic, the value of bonds issued in Europe, the Middle East and Africa in 2005, was $2.2 trillion. The total value of equities issued in the region was just $222bn.

> **"You'll need to analyse the fundamentals of a company's balance sheet, understand their debt and equity position, and where they need to be in relation to their peers"**
>
> Anand David, UBS Investment Bank

Trends

ECM divisions and DCM divisions have traditionally been separate. Over the past few years, however, a trend has emerged for banks to combine them into one division. Morgan Stanley, Merrill Lynch, Lehman Brothers and Dresdner Kleinwort (formerly Dresdner Kleinwort Wasserstein) have all taken this approach.

Both types of market grew in 2005: companies raised a total of €66.8bn listing their shares for the first time on European stock exchanges, compared to just €5.7bn two years previously. European bond issues rose 18% as Europe's companies took advantage of low interest rates and raised money through the debt markets.

This year has so far started in a similar vein, with £1.9bn worth of companies listing on UK stock markets alone in the first three months – three times the figure of 2005. The £1.68bn stock market flotation of Debenhams, the UK department store chain, added to the excitement in early May.

However, by June there were signs that the second half of the year might not be quite as fruitful. World stock markets wobbled and lost value in late May, prompting some companies to delay selling their shares. At the same time, there were signs that several bankrupt companies were on the verge of not paying back their bond holders, which could make life more expensive for other businesses looking to issue bonds in future.

Key players

Barclays Capital topped the rankings for issuing bonds in 2005, followed closely by Deutsche Bank and Credit Suisse. Citigroup, the US bank, was ranked fourth last year.

Top DCM banks (Europe, Middle East, Africa) 2005

Bank	Bond issues ($bn)
Barclays Capital	158.0
Deutsche Bank	154.0
Credit Suisse	127.8
Citigroup	122.9

Source: Dealogic

Deutsche Bank, JP Morgan and UBS, meanwhile, topped the equities league table, followed by US banks Goldman Sachs and Morgan Stanley.

Top ECM banks (Europe, Middle East, Africa) 2005

Bank	Equities issues ($bn)
Deutsche Bank	19.5
JP Morgan	17.4
UBS	17.3
Goldman Sachs	16.3
Morgan Stanley	16.1

Source: Dealogic

Roles and career paths

If you work in a capital markets division, you could find yourself doing anything from originating (bringing in business), to structuring (assembling complex derivatives products) or syndicating (preparing for the sale of the finished products to investors).

Origination specialists are usually senior capital markets bankers. It's a job that involves a lot of travel: originators spend their time meeting clients in an effort to gain

Capital markets (continued)

insight into their financing needs and persuade them to deliver up their business.

By comparison, structurers are distinctly desk-bound. They spend their time creating esoteric financial products that suit a company's financing needs, as communicated by the originators.

It's up to the people on the syndication desk to prepare the ground for the sale. They calculate the best price range for the products concerned, assess how many people will want to buy it and make sure the correct documents are in place.

Pay

Capital markets bankers are usually paid similarly to mergers and acquistions corporate financiers, but with M&A activity surging ahead, capital markets pros are lagging slightly.

As in most areas of banking, pay is heavily loaded in favour of a performance related bonus. After seven years working on a capital markets team, a DCM vice-president could expect a package in the £135k to £230k bracket. Directors and managing directors can earn substantially more, with pay for successful originators topping £1m.

Depending on the health of the respective markets, either ECM or DCM can prove more lucrative than the other. In 2005, DCM bankers did well, but this year recruiters say it is the turn of ECM bankers to come out on top. "ECM will pay more this year," predicts Shaun Springer, chief executive officer of search firm Napier Scott. "The ECM markets are very active and people are in strong demand and short supply."

Junior debt capital markets pay – London 2006

	Salary (£k)	Bonus (£k)
Junior analyst	30 – 42	5 – 25
Senior analyst	40 – 50	12 – 48
Junior associate	45 – 60	27 – 80
Senior associate	55 – 70	30 – 100
Junior vice-president	70 – 90	45 – 160
Senior vice-president	80 – 100	65 – 275

Source: EM Finance

Skills

DCM and ECM jobs are highly sought after. To get in, you'll need a strong academic record plus a raft of other attributes. Anand David, global head of recruitment at UBS Investment Bank, says: "You'll need to be able to analyse the fundamentals of a company's balance sheet, understand their debt and equity position, and where they need to be in relation to their peers in their industry."

Julian Bell, a headhunter at Sheffield Haworth and former director of equity capital markets at Société Générale, agrees: "You'll need to be deal oriented, to know how markets work and to understand why a deal can or can't be priced in a certain way."

However, as David Soanes, head of the financial institutions group at UBS points out, good capital markets bankers also need to be persevering types – unlike the fast moving trading floor, capital markets projects tend to have long-term horizons.

Profile

Navindu Katugampola
Analyst in global capital markets, Morgan Stanley

Navindu is an analyst in the frequent corporate borrowers' coverage group at Morgan Stanley. He joined the bank full time in 2004 after completing an internship the previous year. Navindu studied natural sciences at Cambridge University.

What does your job involve?

My role is to help originate and execute debt financing for European corporates who have regular borrowing requirements. I maintain a dialogue with these companies, providing them with market insight and financing advice, which often means drawing on the expertise of other areas of capital markets.

What have you been working on today?

This morning I spoke to a client about a private placement opportunity. This is when an investor comes to us and says, for example, "I'm looking to buy £100m of corporate bond paper, which is rated double A." I talk to our clients who are double A rated about whether they'd be interested in issuing £100m of bonds for purchase by the investor.

Why did you choose to work in capital markets?

It offers a good balance between being close to the markets and advising clients. The team structure is very flat and I have early responsibility and access to clients. Unlike in mergers and acquisitions, projects tend to take a matter of days or weeks, rather than months. Unlike sales and trading, I'm not judged purely in terms of profit and loss.

What part of the job could you do without?

It can get quite hectic. There are days when I get in and I am rushed off my feet, but that's part of what makes the job exciting.

Navindu's tips: Notes

Try and get exposure to the markets, ideally through an internship.

Read the newspapers and monitor what is going on in terms of capital raising. M&A transactions typically make the front pages of the press, but if you're interested in capital markets, you'll need to look out for information on initial public offerings, bond issuance and risk management.

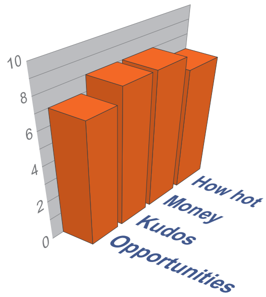
Talk to people in capital markets and try and get an idea of what they do. Capital markets roles are very diverse and can cover anything from raising equity to risk management. You'll need to establish what area suits you best.

At a glance

- Traders top the sales, trading and research triumvirate
- Following bad press, research roles are being culled
- Top traders can earn £10m or more per year

Sales, trading and research

The multi-millionaire 'second-hand' market traders



The aim of the secondary markets is to buy and sell "used" or "second-hand" financial products in order to make a profit – or at least to avoid a loss. This compares to the "primary market", where new financial products are issued by companies, governments and other institutions to raise money. Every day, millions of second-hand financial products are traded in the secondary markets. Sales people, traders and researchers advise on, and carry out these sales.

1) *Traders*: Renowned for fast living and fast cars, these are the people who actually buy and sell. They make snap decisions worth millions and can make substantial profits in the process.

At first glance, the day-to-day existence of a trader bears little resemblance to their image. They get up early to be at their desks when the markets open at 8am and spend their day in front of an array of computer screens with hundreds of other traders on the "trading floor". The screens are a window onto the financial markets, and show movements in the prices of shares, bonds, commodities and other financial products. At the touch of a button, traders can buy and sell the products they're tracking.

2) *Sales people*: While traders sit in front of screens, sales people work the phones, calling clients from the moment the markets open. Clients are rich individuals, pension funds and institutional investors. Sales people take orders for financial products, which they communicate to flow traders (see below), who buy the products.

"We're very meritocratic – if you come in as a junior trader and you have a flair for it, you can move up the curve very quickly"
Andrew Pullman, Dresdner Kleinwort

Midway between sales people and traders exists a hybrid – the "sales trader". Like sales people, they call clients to recommend securities. Like traders, they can also trade the securities.

3) *Research*: Researchers, also known as equities analysts, exist for the benefit of sales people, producing written reports on trends in the share prices of particular companies or industry sectors. Sales people use the information to advise clients on investing in that sector. Researchers spend their time scouring companies' balance sheets and talking to company directors.

Trends

Researchers have suffered from bad press in recent years. In 2002, 10 US banks were fined $1.4bn (€1.1bn) following accusations that they produced biased research in favour of their corporate finance clients. Researchers are now forbidden to have anything to do with bringing in lucrative corporate finance business. As a result, they are paid less and there are fewer of them. In March 2006, Penna, a consultancy providing advice to jobless bankers, said a disproportionate number of the people it was assisting were ex-equity researchers.

Sales people and traders have mostly been better off. The best off work with complex derivative products, which account for a growing proportion of banks' profits. Traders working with simple equity products are increasingly being replaced by electronic systems, which can do their job more quickly and efficiently. In June 2005, Goldman Sachs fired 30 equity traders in New York as it prepared to boost electronic trading.

In 2005 and early 2006 equity sales people benefited from strong stock markets on the back of the longest bull run (rising market) since the 1950s. But by mid-2006 there were signs that the good times were over as global stock markets fell on concerns about rising inflation and the US trade and government deficits. At the same time, there were fears that fixed-income markets could suffer if companies began defaulting on their debt repayments.

Key players

Swiss-based bank UBS is the king of European equities sales trading and research. In 2005 it won the prestigious Thomson Extel Award for pan-European equity research and ranked first place on Wall Street for its institutional equity sales trading desks in the annual *Institutional Investor* survey. Morgan Stanley, Citigroup and Deutsche Bank are also well placed in European equities.

However, Deutsche Bank's true area of expertise is in fixed income. In 2005, the German bank generated revenues of €7.3bn from selling and trading debt. Other key players in the European debt market include Barclays Capital, which has been hiring aggressively in the area in the past few years and saw debt trading revenues drive its profits up 25% in 2005.

Roles and career paths

Traders, sales people and researchers can be categorised according to the products they sell or trade, by the types of clients they sell to or by the sector they research.

There are also two fundamental types of trader: proprietary traders and flow traders. Most traders are flow traders – they buy and sell financial products on behalf of the bank's clients. Sales people tell flow traders what clients want to buy and sell; flow traders tell sales people whether a particular trade is possible at a particular price. A handful of elite traders trade on behalf of the bank itself. These are the so-called proprietary traders. Their aim

Sales, trading and research (continued)

is to buy at low prices and sell at high prices, an achievement that requires both judgement and luck. Proprietary traders can make stupendous profits – and losses.

Progression in sales and trading is all about performance. "We're very meritocratic: if you come in as a junior trader and you have a flair for it, you can move up the curve very quickly," says Andrew Pullman, head of human resources for capital markets at Dresdner Kleinwort (formerly Dresdner Kleinwort Wasserstein).

Pay

Sales people and traders typically earn more than equity researchers, who have seen their pay fall in recent years. Traders earn the most.

The highest earners are those who sell or trade complex derivatives products. In 2006, an associate working in a top-tier bank in London selling simple (vanilla) credit products to UK customers can expect to earn a total of £160k, according to recruitment firm Napier Scott. In contrast, the same associate working with complex derivatives can expect £175k.

The highest paid are proprietary traders, whose bonuses reflect the profits they make.

Sales and trading salaries 2005

	Credit sales (vanilla products)	Credit sales (complex products)	Trading (complex credit products)
MD	£805k	£980k	£1.8m
Director	£300k	£510k	£675k
Associate	£160k	£175k	£170k

Source: Napier Scott

Skills

The skills required depend on the role.

Calum Forrest, head of recruitment at Goldman Sachs, says: "Traders need to be passionate about financial markets and able to make important decisions in a pressured environment. You may not be able to research the hell out of something before making a decision." Traders working with complex derivatives products also have to be good at maths, says Forrest. Others will simply need to be numerate and able to think on their feet.

To succeed in a sales role, you'll need to be outgoing and comfortable developing relationships with clients, says Joanne Scott, head of graduate recruitment at Morgan Stanley. You'll also need excellent communication skills, a high degree of numeracy and the ability to understand complex products, she says.

Researchers can afford to be a little more introverted. David Mathers, co-head of European equity research and co-head of European equities at Credit Suisse, says equity researchers need to be original and decisive thinkers who can assimilate lots of information and take an original view.

"They also need excellent communication skills and the ability to develop relationships with the companies they're researching," he says.

Profile

Kene Ejikeme
Derivatives sales trader, Goldman Sachs

Kene joined Goldman Sachs in 2004 after studying civil engineering at Imperial College, part of the University of London. He has been in this role for two years.

What does your role involve?
As a sales trader, my role is to manage client relationships and trade client orders. Executing a client's orders efficiently requires a good knowledge of global markets and exchange rules. I also analyse macro/micro economic events and interpret their implications for the market place. However, the most important part of my job is servicing clients and cultivating the relationship between them and the firm.

Can you describe a typical day?
I usually arrive at the office before 7am and read up on all the overnight news from Asia. I then speak to my clients and give my views on what I think is going to happen during the day. This takes me up until 8am, when the markets open. There's usually a lot of activity on the open, with some clients preferring to trade at that time. And after that, the day loses its structure. It could be fairly quiet or if there are company results announcements or new macroeconomic data on the US economy, I could be very busy.

Why sales trading as opposed to, say, corporate finance?
I chose this role because I enjoy client contact and executing our customer flows. I also enjoy being under pressure and having to complete many tasks at once. The buzz of the trading floor and constant activity are what get me out of bed in the morning and the variety in my job is what sustains my interest through the day.

What kind of person do you need to be to excel in this role?
To be a good sales trader you have to be incredibly motivated and driven. Sales traders are client facing, so no matter what sort of day you are having, you have to remain focused on your clients and executions. You also have to be confident and be able to digest information quickly and convey it accurately.

Kene's tips: Notes

It's crucial to have an interest in the business and understand the different factors that can move the markets.

You can't bluff it, so properly research the role and try to get an internship or placement before interviewing – talk to people who do this job everyday to get a real day-to-day breakdown of what it really entails.

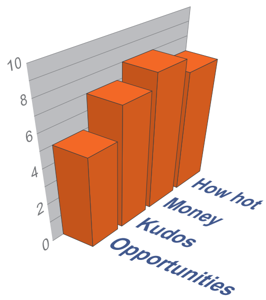
Be confident – this is especially important at the start when you won't know everything. You need the confidence to say, "I can't do this."

At a glance

- FX people aim to profit from variations in currency prices
- European banks are the heaviest hitters in FX trading
- FX derivatives specialists earn the most

Foreign exchange

A career for world news junkies



A UK-based company that owns hundreds of millions of US dollars stands to lose a lot if the currency drops even minutely against the pound. Working in foreign exchange (FX) is about predicting the likelihood of one currency falling (depreciating) or rising (appreciating) against another. If a depreciation is deemed likely, the bank will advise its clients to sell and will itself sell that currency and buy the one that's appreciating. To complicate matters, a lot of the products bought and sold in foreign exchange markets are not actual currencies, but bets on the future direction of foreign exchange price movements, or so-called futures.

Trends

Following its launch as a tradable currency in January 1999, the euro floundered for a few years, falling as low as $0.85 to €1 in 2001. It subsequently made a comeback, rising to nearly $1.35 in March 2005.

The big story throughout this time, however, was the weakness of the US dollar. The dollar remains vulnerable, although it has regained some ground after the US Federal Reserve raised US interest rates.

Meanwhile, the euro is shakier after the French and Danish voted against the European constitution.

The pound is also looking shaky at present: in early 2006, it fell against the euro and the dollar as currency markets woke up to the UK's huge trade and current account deficits.

> **"We look for people with an interest in macro-economics. But it's a broad spread: some of our people have a liberal arts background"**
>
> Richard Davies, Morgan Stanley

Key players

If you want to be a hotshot in the world of foreign exchange, join a European bank. Apart from Citigroup, the five top FX houses in the year to April 2006 were all European, according to the annual FX Survey by *Euromoney* magazine. Deutsche Bank and UBS alone accounted for over 30% of the market, while Barclays Capital and Royal Bank of Scotland improved their league positions in the previous 12 months.

Top FX houses by % market share 2006

Deutsche Bank	19.26
UBS	11.86
Citigroup	10.39
Barclays Capital	6.5
Royal Bank of Scotland	6.4

Source: Euromoney

Roles and career paths

Roles in the world of foreign exchange are similar to those in sales, trading and research, except that you will be trading currencies and their derivatives. FX trading jobs are usually split between "vanilla" trading, where products are simple and trades are easy to execute, and more complex "exotic" derivatives trading. As in other product areas, sales jobs in FX are usually divided between different client types, with some sales people specialising in hedge funds, while others might only sell to companies.

FX researchers produce written reports that are used by sales people to keep clients informed of what's happening in the FX markets. FX structurers assemble complex exotic derivative products for clients.

Pay

If you work with FX products, you have the potential to become very rich, particularly if exotic (ie. non-standard) FX derivatives are your chosen area. According to recruitment company Napier Scott, associates (juniors) trading exotic FX derivatives products in London earned an average of £195k in 2005. Associates trading simpler "vanilla" FX derivatives earned £160k.

FX average pay – London (top-tier bank)

Base salary +bonus (£k)	Exotic FX derivatives trading	Vanilla FX derivatives trading
Executive director	730	710
Director	590	405
Associate director	440	325
Associate	195	160

Source: Napier Scott

Skills

If you want to work in the FX markets, you will need an interest in current affairs and economics. Mike Burton, head of FX sales for Europe at Lehman Brothers, says FX sales people need to follow changes in the geopolitical environment and know as much about the latest derivatives summit as the changing economic situation in Hungary and Brazil. "We look for people with an interest in macro-economics," he says, "But it's a broad spread: some of our people have a liberal arts background."

Renate Paxton, an FX trading specialist at Napier Scott, says FX traders need to be quick thinkers with a good awareness of how the markets work. Most of the jobs are now for FX derivatives traders, says Paxton, for which you will also need good maths skills.

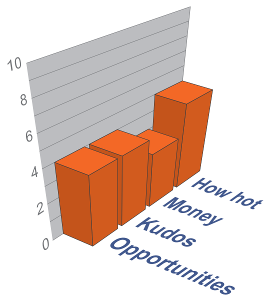
Chris Weiss, an associate FX structurer at Bank of America in London, agrees: "Structurers need to be comfortable with spreadsheets and probability concepts." Definitely one for the mathematicians.

At a glance

- Corporate bankers provide banking services to large organisations
- Swiss bank UBS is the biggest corporate bank in Europe
- Consolidation and regulation are two current trends

Corporate banking

Jobs may be fewer this year as consolidation continues



Corporate banking is a broad term given to the different banking services that large companies, (known by banks as "corporates"), governments or other big institutions need in order to function daily. It spans the relatively simple business of issuing loans to more complex matters such as helping to minimise tax paid by oversees subsidiaries, managing changes in foreign exchange rates or working out how to finance the construction of a new theme park.

If an organisation is exporting its widgets overseas, corporate bankers might also arrange an international payment or put together "trade finance" packages to ensure the company is paid by its foreign customers.

In many cases, there's an overlap between corporate banking and capital markets. Bankers working in capital markets help companies raise money by issuing equities or debt. Corporate bankers typically help clients raise money through loans. But corporate bankers will bring in the expertise of their capital markets colleagues if necessary.

Increasingly, corporate banking also requires an understanding of complex financing methods, such as securitisation, in which a company sells bonds based on the money it will in earn in future from assets like rented shop space or a back catalogue of 1970s disco music.

"You'll need a mixture of analytical and intellectual ability, as well as a strong customer outlook"

Lucy Shackleton, Barclays Group

Trends

Corporate banking had a fairly good year in 2005: improving economic conditions prompted companies in the UK to increase their demand for credit. HSBC, for example, made an additional £237m (€346m) in profits from its UK corporate banking clients.

Longer term, the big news in the European corporate banking sector is consolidation. In the past five years the sector has changed considerably, as participants seek to become bigger and bigger.

The latest manifestation of this trend was French bank BNP Paribas' £3.0bn cash bid for Italy's Banca Nazionale del Lavoro in February 2006. Similarly, June 2005 saw the £10.3bn takeover of HVB Group, an ailing German bank, by UniCredito Italiano, a more dynamic Italian bank.

Consolidation in the corporate banking sector looks set to continue, particularly in Italy, where there are around 700 small banks, and in Germany, where the banking system is thought to be beset with between €160bn ($202.5bn) and €300bn of bad loans. Citigroup, the large US bank, might also return to the takeover trail after being cleared to make additional acquisitions in April 2006.

The other big news in the corporate banking world is regulation. Specifically, the Basel II accord is set to be implemented at the end of 2006. This proposes that banks in 12 countries (Belgium, Canada, France, Germany, Italy, Japan, Luxembourg, the Netherlands, Sweden, Switzerland, the UK and the US) set aside a higher proportion of their capital to cover the risk that some of their loans won't be repaid. Bankers argue that this will damage their business by making loans more expensive.

Key players

In terms of assets, UK-based Barclays is the biggest bank in Europe, followed by Swiss-based UBS and German-based Deutsche Bank. Most major European banks grew during 2005 – total assets held by the top 10 institutions rose 14% during the year to the jaw dropping figure of over €10.2 trillion.

Top European banks by assets 2005

Bank	Assets (€bn)
Barclays	1,285
UBS	1,265
Deutsche Bank	1,214
HSBC	1,214
BNP Paribas	1,201
Royal Bank of Scotland	1,081
Crédit Agricole	897
ABN Amro	839
Société Générale	810
HBOS	752
Banco Santander	627
Fortis	295

Source: Thomson Financial

Roles and career paths

Different banks do things differently, but if you opt for a career in corporate banking, you may well start out as a credit analyst. Credit analysts spend their time looking at companies' balance sheets and working out whether it's a wise idea to issue loans to them, just in case they can't pay them back. It's not the most exciting role (at first you may not meet many clients), but it teaches you the tools of the trade and is a crucial barrier to help prevent the bank from losing money.

From being a credit analyst, you could progress to being a relationship manager with responsibility for lending money to a handful of the bank's customers. This is where things start to get interesting: as you progress, you'll be making judgments on whether to lend millions of pounds to customer X or customer Y. It's a job that requires an intimate understanding of the company's strategy and a keen appreciation of the risks of default. Most relationship managers specialise in a particular sector. Relationship managers are the winers and diners of the banking world. They spend a lot of time meeting company finance directors and chief executives in an effort to win, and keep, their business.

If you don't fancy working in the relationship management side of corporate banking, you could always go into treasury management. Treasury managers help companies cope with their cashflow: they ensure they've got enough money to pay for whatever they need to buy and help them deal with fluctuations in the value of their foreign currency holdings.

As well as front-line, client-facing jobs, corporate banks also have an array of operational positions, including technology and human resources.

Various banks offer training in corporate banking, including Barclays, Lloyds TSB, Royal Bank of Scotland and HSBC.

Pay

Corporate banking isn't the place to work if you want to become very rich (see jobs in hedge funds or on investment banks' trading floors for this). However, you could become distinctly comfortable. Paul Hunt, managing director at headhunter Healy Hunt, says exceptional senior relationship managers can earn salaries up to £90k and bonuses and benefits can as much as double this.

Needless to say, graduate trainees in corporate banking are paid considerably less. Banks themselves declined to comment on exactly how much they pay corporate banking trainees, but Sarah Graveney, a consultant at corporate banking recruitment firm Carr Lyons, says: "£25k is relatively standard, plus a small bonus of 10% to 20%". By comparison, first-year packages for trainees in investment banks can exceed £40k.

Skills

Corporate bankers need to be friendly types with a cool and calculating streak – it's no good befriending clients and lending them money if they can't pay it back. Equally, it's no good being an expert at analysing the risk of clients defaulting if you can't also build client relationships – unless you want to remain a credit analyst, of course. As a result, banks tend to have relatively generic requirements of their corporate banking trainees.

"You'll need to be analytical, with good communication skills," says Rebecca Hill, head of graduate recruitment at HSBC.

Hannah Costin, Barclays' head of graduate recruitment, says: "You'll need a mixture of analytical and intellectual ability as well as a strong customer outlook."

Steven Smith, HR director of Lloyds TSB's wholesale and international bank, says he's looking for "demonstrable drive, intelligence and the ability to communicate at all levels".

So, not too much to ask for a corporate banking career...

Profile

Hugh Biddell
Manager, charities and local government team, RBS

Hugh joined the Royal Bank of Scotland as a graduate trainee in 1981 and moved into the corporate banking division. Since then he has covered shipping clients, healthcare clients and professional services firms, as well as charities and local government. Hugh originally graduated in English Literature and Language from Liverpool University and has an MBA from Warwick University plus an ACIB (Associateship of the Chartered Institute of Bankers award).

Why corporate banking?
You get to meet the decision-makers and owners of large companies and discuss the strategic drivers of the business. We deal with companies with a turnover of £20m to £1bn.

What does managing the charities team involve?
I lead a team of nine relationship managers who work with charities and local government. Our role is not just about helping our clients to borrow money. We also aim to make them more efficient in terms of the way they manage their money and receive payments. For example, we provided all the credit card payment services for the Comic Relief Red Nose Day. There were around a million transactions to process.

Does charity work differ from normal corporate banking?
It's a bit different because they don't operate in the commercial sector – charities are governed by boards of trustees, which adds a layer of complexity when you're working out how much they can afford to borrow. Local authorities have their borrowing limits regulated under a separate act of parliament. But charities and local government clients still expect fast decisions and excellent service when they want to borrow.

The best and worst aspects of the corporate banking life?
The best thing is seeing people's businesses succeed and feeling you've contributed to making it happen over a period of time. The worst is finding that clients have got into difficulties through a change of circumstances that's often beyond their control.

What about the legendary long lunches?
Talking to people, understanding how they operate and what's important to them is vital. It often helps to do that in a relaxed atmosphere, so lunches are involved. But if you're going into the real detail of a company's finances and projections of their business, this is not best achieved over food!

Hugh's tips: Notes

Enjoy what you are doing, because if you don't, you will not perform well.

Be positive.

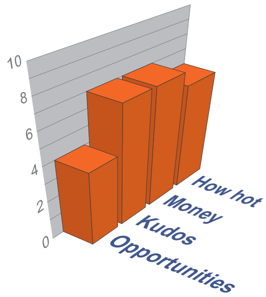
Go the extra mile – don't just provide the solution you've been asked for, but look at what the business wants to achieve overall.

At a glance

- Fund managers manage money for institutional and retail investors
- Many large investment banks have fund management arms
- Pay can reach £100k, plus bonus, within eight years

Fund management

A game of patience, profits and pension funds



Fund managers are professional investors. They invest money on behalf of their clients, which include pension funds, insurance companies, unit trusts (institutional investors) and others with a view to making it grow.
There are two basic kinds of fund:
1) *Passive funds*: Also called "index trackers". They select a portfolio of assets whose value will track that of a financial index. A fund that tracks the FTSE 100 index will aim to follow the value of the UK's 100 biggest companies, for example. The investment decisions of passive funds are typically made using computers, meaning fund managers working on them have a relatively easy life.
2) *Active funds*: Active fund managers buy and sell financial products in an attempt to outperform the rest of the market. Active fund managers correspond to most people's idea of what fund management is: they invest in products they hope will rise in price over time, in order to sell them at a profit.
Fund managers invest in everything from shares, bonds or real estate to commodities, such as oil, wheat or aluminium. Different clients are prepared to tolerate different amounts of risk, so fund managers usually run several funds. Some offer fast growth and high risks; others offer slower growth and smaller risks.

> **"Graduate hires need to be good communicators with a clear understanding of how the financial world operates and preferably a degree with a mathematical focus"**
>
> Aviva Ingleby, Schroders

Trends

The fund management industry had a good year in 2005. Research by US investment bank Morgan Stanley suggests fund management companies listed on stock exchanges, which are obliged to reveal their results, saw €365bn ($462bn) of new funds flowing into the industry. Operating profits rose a hefty 35% as a result. It was good news for fund managers: recruiters say pay in the industry increased by a similar amount.
If you want to work in fund management, there are a few things to bear in mind aside from higher pay, however. One is the shift into bonds. After the dotcom market burst in 2000, equity markets moved erratically as stocks were knocked by a combination of corporate scandals and poor economic growth. Fund managers moved money into bond products instead. According to the UK Investment Management Association, pension funds shifted £40bn (€58.4bn) from equities into bonds during 2004 alone.
However, declining bond yields and improved equity markets mean the shift out of equities has ended. Research from Mercer Investment Consulting suggests UK pension funds' allocation to bonds remained stable in 2005 at 35%.
Whatever the investment strategy, high returns are increasingly necessary, because pension fund clients are short of money to honour their pension promises. British Airways has a £1.4bn pension fund deficit, for example. Unsurprisingly, an increasing number of pension funds are dabbling in hedge funds, lured by the promise of higher returns.
In response, some fund managers have launched active "high alpha" funds, which aim to outperform the market without resorting to hedge funds' supposedly risky tactics. Schroders, a UK fund manager, launched a UK Alpha+ fund in July 2002, which grew nearly 43% by March 2005.
Finally, it's worth noting that most large investment banks have their own fund management divisions and some have been selling them off. Deutsche Bank completed the sale of its UK funds business to Aberdeen Asset Management in September 2005. In December 2005, Citigroup sold its European asset management arm to Legg Mason, which then made hundreds of redundancies.

Key players

Europe's leading pension funds include Swiss-based UBS and the German-based Allianz Group. A number of big US fund managers, such as Fidelity Investments, State Street Global and Merrill Lynch Investment Managers, are also active in Europe.

Top European fund managers 2005

Institution	Assets under management ($bn)
UBS	1,128
Allianz Group	833
Barclays Global Investors	778
Axa Investment Managers	677
Credit Suisse	616
Deutsche Asset Management	417
ING Investment Management	383
Aviva	300
Ixis	289

Source: Watson Wyatt

Roles and career paths

Working as a fund manager used to involve everything from analysing and investing in products to persuading new clients to put money into the fund. Today, however, fund managers focus on the business of managing money and other people are employed to do the rest.
If you don't fancy being a fund manager, you could work

Fund management (continued)

as a marketer, research analyst or operations expert.

Fund management marketers wine and dine potential clients in an effort to persuade them to invest money in their fund. They also manage relationships with existing clients, who might threaten to pull their money out. And they meet investment consultants and play a role in the development of new products.

Analysts working in fund management help steer fund managers in the right direction when it comes to choosing assets to invest in. They spend their time scrutinising companies' results and meeting with management to discuss strategy. They then write lengthy reports communicating their conclusions.

Like their counterparts in investment banks, operations staff working for fund managers do everything from working in IT to settling and reporting trades, project management and customer services. However, many funds have outsourced the administrative aspects of their operations to global custodians.

Pay

Fund managers and research analysts are the best paid employees at fund management firms. According to financial services recruiter Morgan McKinley, both can earn basic salaries of up to £100k within eight years, plus bonuses. Marketers have traditionally earned less, but this could be changing. Chris Manfield, a headhunter at the Whitney Group, says fund management marketers are sometimes paid 20% of fees earned on the money they bring in: on this basis, a £900k bonus isn't inconceivable.

Fund management salaries 2006

	0 – 2 years' experience	2 – 4 years' experience	4 – 8 years' experience
Fund manager	£38k – £45k	£42k – £75k	£60k – £100k
Research analyst	£30k – £45k	£38k – £70k	£60k – £100k
Marketing executive	£25k – £34k	£30k – £42k	£40k – £65k

Source: Morgan McKinley

Skills

The attributes required for a career in fund management vary according to the role. Caroline Beaton, recruitment manager at Fidelity International, says "Researchers will need an enquiring mind, an avid interest in the stock market and a passion for finding out what makes a good or bad investment. Marketing experts, by comparison, need commercial flair and excellent communication skills." Communication is also cited by Aviva Ingleby, an HR manager at Schroders, a UK-based fund manager, who says: "Graduates need to be good communicators with a clear understanding of how the financial world operates, preferably a degree with a mathematical focus."

However, as well as communication skills, Shane Kelly, a recruiter with Merrill Lynch Investment Managers, adds: "A fund manager would need to be able to assimilate large quantities of information and identify the key points in order to make investment decisions."

Profile

Alison Hamilton
Director and global products manager, Martin Currie

Alison manages all the global product portfolios for Edinburgh-based fund manager Martin Currie, which has £8.4bn under management. As such, she can invest in any stock anywhere in the world, making around 10,000 potential investment opportunities. As a director, she also carries a degree of responsibility for the firm. Alison read law at Edinburgh University.

What made you choose a career in fund management?
Its balance between the analytical and the intuitive. I originally qualified as a lawyer, but I didn't want to go into anything as restrictive as law. Fund management appealed to me because you're pitting your wits against the financial markets: you're not betting against reality, but against other people's expectations.

Can you describe a typical day?
I typically arrive in the office at around 8.30am and start by catching up on what happened in the Asian markets overnight. There's nearly always a market open somewhere and I try to stay up to date with the news flow. I also meet with companies I've invested in, or with businesses that I think look interesting, and with colleagues for brainstorming sessions. Most critically, I try to make time for that much under-rated activity: thinking!

What's the best thing about your job?
Meeting companies and trying to understand the people behind the numbers. It's a question of really getting to know the strategy behind companies and comprehending why one might work and another might not.

And the worst?
The realisation that you'll never know everything. You're always betting on other people's expectations, which can be difficult.

What's the best investment you've ever made?
Emerging markets: they are still the least efficient and so the markets of the greatest opportunity. I made some great investments in Mexico after the 1995 devaluation.

What makes a good fund manager?
Not the ability to amass and analyse information, which is so (over)accessible these days, but the gift of judgment. That's very rare. You need to be prepared to sell even when you've lost money and something hasn't worked out.

Alison's tips: Notes

Check the job out very carefully.

Do as many summer internships as you can and ensure they expose you to as many aspects of the business as possible.

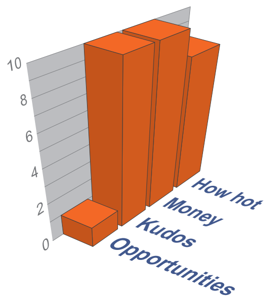
It will also help if you have a real portfolio of your own investments – you need to experience the pain of losing your own money and learn from your mistakes.

At a glance

- Working for a hedge fund could make you very rich
- Few hedge funds employ university leavers
- It helps to be a good mathematician

Hedge funds

High risks and high rewards for the lucky few



Hedge fund managers are the maverick outsiders in the financial services world. Most are highly successful former traders or fund managers who have decided to go it alone. The name "hedge fund" comes from the idea that money managers can hedge their bets to ensure they make money – whether the market goes up or down.

For example, a fund that invests in shares of company X risks losing out if the share price falls. To offset this risk, it might buy an "option" giving it the right to purchase a particular quantity of company X shares for a particular price, at a particular point in the future.

If the option to buy is set at a low enough price, the fund will profit, even if the share price has fallen – it can buy the shares at below the market price and sell them on again, thereby recovering the losses on its initial investment.

In reality, hedge funds aren't the only members of the financial services community to indulge in hedging – banks do it every day. What distinguishes a hedge fund from a traditional fund manager is its willingness to push the boundaries of normal investment techniques to achieve unusually high returns.

Most hedge funds follow a particular investment strategy.

> **"We would generally expect some maths at degree level. That could come as much from engineering as economics"**
> Dermott Coleman, Sisu Capital

The most popular strategies are:

- Short selling: A short seller borrows stocks that they believe are overvalued and sells them on. When the price (hopefully) falls, they buy the stocks back at a lower price and return them to the lender;
- Global macro: Global macro funds operate a strategy similar to that used by short sellers. But they focus on global trends, rather than movements in particular stocks;
- Event driven: Event-driven funds try to profit from one-off events, such as mergers and acquisitions or bankruptcies. For example, if one company decides to buy another, it will usually offer to pay more than the current market price for the shares.

Because hedge funds are considered risky, investors can also put their money into "funds of hedge funds". These invest money across several different hedge funds, with the intention of spreading the risk.

Trends

Hedge funds are rarely out of the news. Whether it's a question of the immense amounts of money made by their founders or fears that they are liable to topple the entire global financial system, they make good copy.

During the past few years, the hedge fund industry has enjoyed a period of impressive growth. According to HedgeFund Intelligence, a research company, hedge funds had around $1.5 trillion in assets globally at the start of 2006. This was up from $400bn in 2000.

Hedge finds have had a turbulent history.

One of the most famous highs in the history of hedge funds came in 1992, when the Quantum Fund, run by international financier George Soros, helped force sterling out of the European Exchange Rate Mechanism.

One of the most famous downs was in 1998, when hedge fund Long-Term Capital Management, a fund with $120bn under management, nearly collapsed after making bad bets during the Russian currency crisis.

Recently, hedge funds have hit a low point. Difficult market conditions, as well as fears that they have been making bad bets and are not about to deliver stellar returns after all, are giving investors cold feet.

According to McKinsey & Company, a management consultancy, hedge fund growth is likely to reverse by 2010 as investors realise the returns they offer aren't quite so great after all.

Key players

Some of the biggest hedge funds in Europe are Man Investments, with around $48bn under management; GLG Capital Partners, with around $13bn under management; Vega Asset Management, with around $8bn; and Brevan Howard Asset Management, with around $7bn.

If you don't find a job in a top hedge fund, there are thousands of others to choose from. Most of them are located in the Mayfair area of London: around 78% of European hedge fund assets are managed in the UK, according to HedgeFund Intelligence.

However, watch out – newly formed hedge funds have a habit of closing down as quickly as they start up.

Roles and career paths

Jobs in hedge funds tend to fall into four categories:

- Analysis – analysing the companies, markets and financial products a hedge fund invests in;
- Sales and marketing – liaising with investors and helping sell the merits of the fund;
- Trading – executing the investment strategy, and buying and selling financial products according to analysts' recommendations;
- Risk management and back office – settling trades, working out a hedge fund's risk exposure and making sure everything flows smoothly. In many small funds; this is outsourced to "prime brokerage" divisions in investment banks.

Most roles are distinct: if you join as a risk manager,

Hedge funds (continued)

the chances of graduating to become an analyst are slim. However, it's not unknown for analysts to become traders. The bad news is that as a new graduate, you will be very lucky to walk into a hedge fund. Most are small organisations without the time or resources to train graduates themselves. Instead, they prefer to recruit people with a few years' experience from investment banks.

Pay

If you're interested in working for a hedge fund, you probably know that they have made some people very rich. According to *Alpha* magazine, the best paid hedge fund manager in 2005 was Edward Lampert, who runs Connecticut-based ESL Investments. He made $1bn.
If you join as a lowly analyst or marketing person, you won't be quite in that league. Nevertheless, you'll probably be wealthy compared to most other people you know. Morgan McKinley, a recruiter in the sector, says research analysts with three years' experience can expect salaries of up to £70k.
However, bonuses are the key to becoming rich in a hedge fund. As well as salaries, hedge funds pay their staff a proportion of their profits. Andrew Morland, a recruiter at E-M Finance, says an analyst on a salary of £70k could easily earn more than £200k when bonuses are added.

Hedge fund salaries (Salaries only)

	2 – 4 years' experience	4 – 8 years' experience
Research analyst	£38k – £70k	£60k – £100k
Marketing executive	£30k – £42k	£40k – £65k
Hedge fund trader	£45k – £60k	£60k – £80k
Operations	£35k – £50k	£45k – £65k

Source: Morgan McKinley 2006

Skills

John Capaldi, a managing director and head of product development at Financial Risk Management, a fund of hedge funds that runs a graduate training programme, says it looks for bright energetic graduates from leading universities.
You need to be numerate, communicative and innovative, says Capaldi: "Financial markets and hedge funds are dynamic, so adaptability and creativity are key attributes."
Dermot Coleman, a partner at event-driven hedge fund Sisu Capital, says quantitative skills tend to be paramount: "To work for us, it's not necessary to have done an MSc or a PhD in a mathematical subject, but we would generally expect some maths at degree level. That could come as much from engineering as economics."
Andrew Morland says the skills needed to work in a hedge fund vary according to the strategy it's using. If you join a global macro hedge fund following a "black box" computer-driven strategy, you will need to be an excellent (and probably PhD level) mathematician. By comparison, if you join a fund that's short selling equities, he says a background in the equities division of an investment bank is helpful.

Profile

David Mills
Equity analyst, Sisu Capital

As an equity analyst, most of David's day is taken up generating investment ideas for trades. This involves researching companies about to engage in mergers and acquisitions or restructuring activity, and coming up with suggestions on stocks that might rise ahead of a merger. It also involves having discussions with company management, bankers and fellow analysts. David has a BA in Economics from Cambridge and an MSc in Economics from the London School of Economics.

How did you come to work for a hedge fund?
I've taken an unusual route into the hedge fund industry. After taking my MSc in economics at the LSE, Sisu (an event-driven hedge fund with over $1bn under management) was looking for a junior analyst, so I applied and got lucky. Most funds recruit analysts with several years' experience in an investment bank or somewhere similar.

Why the hedge fund sector?
Hedge funds are one of the most exciting and dynamic areas of the finance industry. You have more independence in a hedge fund than an investment bank, where you join the three-year analyst training scheme. Here you are involved in everything from day one. There's also more freedom in terms of the products you can invest in and the positions you can take. And it's a much flatter hierarchy: there are 25 people in this office and I sit next to the two partners.

What's the most exciting thing you've got coming up?
I regularly have lunch meetings with management from many of the large companies... even if the company turns out to be uninteresting, the food is usually good.

And what's the least exciting thing on the horizon?
That would probably be number crunching company accounts to create comparable company valuations.

What's been hardest for you so far?
I'd studied plenty of economics, but not much pure finance or accounting. It was a bit of a struggle to start with: I spent the first month working all hours of the day.

David's tips: Notes

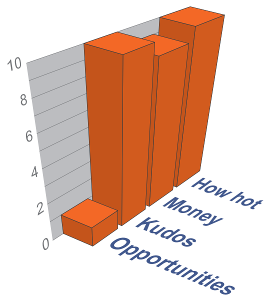
- *Get a good understanding of what different hedge funds actually do, not just the generalisations written about the industry in the press.*
- *Study hard – it's a competitive environment and a post-graduate qualification or relevant work experience will help you stand out.*
- *Think about joining an investment bank – they have well-structured graduate programmes and act as a feeder into the more specialist hedge fund sector.*

At a glance

- Funds that give companies cash in return for a stake that they later sell
- Similar to 'venture capital', which funds mostly new business
- You'll have to wait a few years post-uni to get a foot in the door

Private equity

A sector to aspire to after a few years' experience



Like the capital markets divisions of investment banks, private equity and venture funds exist to help raise money for companies in need of cash. But while capital markets bankers do this by selling a company's stocks or bonds, private equity funds do it by offering cash to companies in return for an ownership stake. As a result, they become co-owners, or even sole owners, of the companies in which they invest.

In an ideal situation, they invest in an underperforming company, turn it around and sell their stake at a profit some years later. However, portrayed as "predators", sometimes private equity firms engage in the unpopular practice of asset stripping, or breaking a company up and selling its assets to make a profit. The money invested by private equity funds is frequently used for management buyouts (MBOs), where a company, or a division of a company, is bought by its managers. Alternatively, it may be used for a management buy-in (MBI), where managers from outside take over a company.

"Venture capital" and "private equity" are often used interchangeably. But strictly speaking, venture capital refers to the provision of funds for new and fast developing businesses, while private equity is more usually associated with MBOs and MBIs.

"You'll need to be ranked in the top 10% to 15% of your peer group... anything less than a 2:1 is no good and some funds will only take a first"

Guy Townsend, Walker Hamill

Trends

Times have been good for people working in private equity: the industry is booming. In 2005, European transactions involving private equity companies rose 40% on 2004 to a record £86bn, according to Initiative Europe, a source of information on the industry.

Globally, strong conditions continued into 2006. Figures from Freeman & Co, a US-based consultancy, and Thomson Financial, an information provider, show worldwide buyouts in the first quarter of the year totalled \$126bn (€99.5bn), up 39% on the first quarter of 2005.

The UK market was less healthy, however. According to the Centre for Management Buy-out Research, the value of UK private equity deals plummeted 38% to £3.1bn (€4.5bn) in the first quarter compared to 2005. High-profile deals failed, such as Permira's £842m bid for the record store chain HMV.

Trade buyers (ie. companies, rather than funds) contributed to the slowdown. Trade buyers often bid against private equity funds to buy underperforming rivals and because mergers lead to synergies and cost savings, they are frequently able to offer a higher price.

If you want to go into private equity, it's also worth familiarising yourself with some of the criticisms levelled at the sector. One is that funds encourage companies they acquire to borrow excessively against their assets. If economic conditions deteriorate, there are fears these companies won't be able to pay their debts.

Key players

While the European venture capital industry is dominated by 3i, Europe's leading private equity players tend to be less well known. Firms such as Permira Advisors, Apax Partners and Candover are known only to those in the industry.

Top buy-out investors in the European market 2005

Private equity group	Total deal value (£m)
EQT Partners	5,568
Apax Partners	5,140
PAI	5,018
Cinven	4,797
BC Partners	4,362

Source: Initiative Europe

Roles and career paths

People who work in private equity can make spectacular amounts of money. They also benefit from the kind of job security most investment bankers can only dream of.

But don't count on finding a job in the industry easily – private equity and venture funds hire very few juniors and none straight from university.

There are two main entry points to a career in private equity or venture capital:

- Several years after graduation, after spending time working in the "real world";
- Immediately after a Masters in Business Administration (MBA) course.

Private equity funds hire people straight from an MBA or with two to three years' corporate finance or strategy consulting experience. Venture capital funds typically hire people from high-tech industries, finance-related or consulting jobs. Roxanne Matthews, a recruitment officer at 3i, says the company only hires people with three to five years' experience.

Junior staff at both private equity and venture capital funds are typically number crunchers who scrutinise the accounts of companies in which the fund is thinking of investing.

The next rung in the hierarchy is comprised of principals, who appraise whether an investment deal is worth pursuing and, if it is, doing anything from arranging

Private equity (continued)

the right legal documentation to negotiating the right price to ensure the deal takes place.

Originators are at the top of the tree. They are usually the fund's partners, who, as the title suggests, originate deals – ie. find new companies in which the company can invest. They then oversee the deals and make the most money if one of the fund's investments is sold at a profit.

Other jobs in private equity and venture capital are peripheral to the business of doing deals. One of the most important is investor relations, which involves communicating with investors and raising money for future funds.

Pay

Pay for senior people working in private equity and venture capital is generous. Partners make most of their money by drawing a joint 20% to 25% share of all the profits made by the fund, a form of payment known as "carried interest" or "carry".

A £500m fund can easily make £100m in profits over a six-year period and this might be shared between four or five partners, in addition to a handful of principals.

The bad news is that junior staff only get a salary, plus a bonus like their colleagues in investment banking. According to a survey by recruitment firm E-M Finance, base salaries for analysts working in private equity are between £45k and £55k; bonuses are between £18k and £44k.

Skills

If you want to work in private equity or venture capital, you'll need to be an academic and professional wunderkind; funds only accept the best.

"You'll need to be ranked in the top 10% to 15% of your peer group," advises Guy Townsend, managing director of recruitment firm Walker Hamill, which specialises in placing junior staff in the private equity industry.

"You'll also need to be highly analytical, commercial, a team player, confident and outgoing. Foreign languages help and you'll need a keen intellect: anything less than a 2:1 is no good and some funds will only take a first."

Jenns Tonn, head of the German team at Candover private equity, admits the perfect profile is hard to find.

"We need someone who can identify an investment situation, build a relationship with the management team, develop a plan, work through a sales process and get debt financing in place – and that's just the early stages," she says.

Lori Sabet, senior vice-president at Carlyle, a large US private equity group, said most junior hires come from investment banking or strategy consulting.

Former bankers need experience in one of three areas, Sabet says – either corporate finance and mergers and acquisitions, financial sponsors (dealing with private equity firms) or leveraged finance (funding involving a higher proportion of debt than usual).

Profile

Simon Holden
Investment manager, Candover

Simon has been with Candover, a private equity fund that has invested over €25bn in the past two decades, for two and a half years. After graduating from Cambridge University with a BA and MEng in manufacturing engineering, he joined a strategy consultancy that advised private equity funds. After four and a half years, he decided to apply to most leading funds directly and registered with specialist private equity executive search companies. He got offers from two funds. Candover was the obvious choice.

Why private equity?
I studied manufacturing engineering at Cambridge University and always believed that I had some entrepreneurial skills. It made me wonder where I'd get money from if I ever had the "big idea", which led me in a roundabout way to the private equity sector. Private equity is basically venture capital scaled up massively to a level where we buy and sell 100% of a company's share capital with a view to growing the business.

What distinguished you from other candidates?
I think it would be a good track record with branded consultancies, financial experience and qualifications (security institute diploma), decent Excel skills, a genuine interest to learn new things and, hopefully, above average interpersonal skills.

What have you worked on recently?
I was part of our three-man deal team for UPC Norway, a Norwegian cable television company that we acquired in January 2006 for €450m. I've been in regular contact with the chief executive and chief financial officer, getting them up to speed with our financial reporting requirements for their first end of quarter. I've also been tracking their progress relative to their 2006 business plan.

What's the worst aspect of your job?
Tight timescales. Doing a deal is hugely rewarding, but you have to be prepared to discard your personal life for a few weeks. That's never easy if you're letting people down at the last minute.

Simon's tips: Notes

There are great jobs in private equity, but you need to know what you're applying for and what differentiates the funds.

To succeed in getting a job in private equity, your application needs to demonstrate that you've got the requisite skills and knowledge, as interviews are inevitably technical.

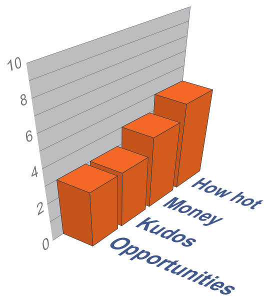
You can also improve your chances by trying to learn where individual funds are in their investment cycle, what sector(s) they like doing deals in, and hence what their recruitment requirements might look like in the next few years.

At a glance

- They help pension fund trustees find the best fund managers
- Mercer Oliver Wyman and Watson Wyatt dominate in Europe
- Consultants need to be 'sociable mathematicians'

Investment consulting

A kind of 'Which Guide to Fund Managers'



Investment consultants advise pension fund trustees on what to do with their money. They help trustees decide which mix of assets to invest in and with which fund management firms. In the process, they look at how fund managers have performed in the past and try to predict how they will perform in future.

Trends

The role of investment consultants has become more important as company pension funds across Europe have moved into deficit, with future liabilities exceeding likely future assets. Ageing populations, who claim pensions for longer, and plummeting stock markets following the market bubble burst in the 1990s, mean many pension funds are now unable to honour their commitments.
In April 2006, investment consultancy firm Watson Wyatt estimated that the UK's largest companies had combined pension deficits of £44bn.

Key players

In Europe, the world of investment consulting is dominated by two firms: Mercer Oliver Wyman and Watson Wyatt. Both are active internationally and part of broader consulting groups that provide advice to clients on everything from paying their staff to building their computer systems. Other investment consulting firms include Hewitt Bacon & Woodrow, Hymans Robertson, Aon Consulting, Lane Clark & Peacock and accountancy firms such as KPMG. Most operate throughout Europe.

> **"We look for good time managers who can cope with studying and working simultaneously. An A or a B at maths A-level is mandatory"**
>
> Elizabeth McGine, Mercer

Roles and career paths

Jobs in investment consulting usually fall into one of two main categories:
1) *Asset allocation:* Asset allocation specialists advise clients on whether to invest in equities, bonds, private equity funds or alternative asset classes in order to generate the returns they require to pay pensions over the next 30 years or more. It is a complex role using mathematical models to analyse economic factors, such as interest rate changes, as well as the timing of the pension fund's liabilities and the likely risks and returns associated with each type of asset;
2) *Fund selection:* Fund selection specialists spend much of their time analysing individual fund managers and asking questions about their investment strategy. Your days will be spent scrutinising particular pension funds and writing reports on their strengths and weaknesses. Most investment consultancy firms produce confidential lists ranking fund managers by their likely future success.
Within fund selection and asset allocation, there are also roles for relationship specialists, who are the true consultants. Relationship specialists are usually more senior – staff in investment consultancies typically start out in research and move into client-facing roles.
Most large investment consultants take on a small number of graduates. Mercer, Watson Wyatt and Aon offer structured graduate programmes. Watson Wyatt hires about 10 people a year for its UK investment practice.
Once hired, you will typically study for a professional qualification, either as an actuary or as a chartered financial analyst (CFA). Most firms offer trainees a choice of which exam to take. Actuaries typically work more on asset allocation, while CFA candidates work in fund selection.

Actuarial salaries in UK consulting companies 2005

Age	Consultants
25 – 29	£57,249
30 – 34	£71,745
35 – 39	£91,163
40 – 44	£106,224
45 – 49	£125,403
50+	£116,039

Source: CELRE

Pay

Investment consultants don't receive enormous bonuses. They do, however, get other benefits, such as company cars and pensions. On the whole, salaries are reasonable.

Skills

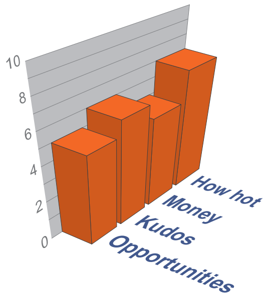
Sophie Best, head of graduate recruitment at Watson Wyatt, says trainee investment consultants need to be numerate, technical and analytical, and have good client service skills: "We're looking for people with a good understanding of business, who can build relationships and work well as part of a team." Candidates taking the actuarial route typically have a mathematical background, she says.
Ian McKinlay, head of investment consulting at Aon, says consultants need to be able to build relationships and to communicate persuasively. "The strongest skills you need are communication and pretty powerful reasoning," he says. "We don't want someone who will sit in a corner, quiet as a mouse."
Elizabeth McGine, a graduate recruiter at Mercer, says: "We look for good time managers (who can cope with studying and working simultaneously) with a mathematical background – an A or a B at maths A-level is mandatory."

At a glance

- Wealth managers help rich people manage their money
- Private bankers give investment advice to the wealthy
- Private client brokers buy and sell financial products for individuals

Wealth management

Combining diplomacy with product knowledge



As their name suggests, private wealth managers help very rich people manage their money in private, far away from the prying eyes of the gossip columnists and paparazzi.

They fall into two categories:

- Private bankers, who help clients invest their money wisely and avoid any risks that might reduce the value of their assets. They also offer tax and pensions advice, help clients develop a strategy for charitable giving and advise them on bequeathing their wealth to the next generation;
- Private client brokers, who assist their clients to buy and sell financial products, particularly equities or stocks (hence the term "stockbroker"). They also offer advice on the best products to invest in.

The clients of private wealth managers can be anyone from company chief executives to property tycoons, investment bankers, footballers, pop stars or members of privately run family businesses. Private banks typically look for clients with at least $1m (£562k) to invest, but many deal only with clients whose financial assets (so not their houses and yachts) are worth more than $30m.

"You'll need demonstrable knowledge and understanding of the financial markets, and to be able to establish a relationship of trust with customers"

Marc Hoodless, Hoares Bank

Trends

As big banks become involved in both private banking and private client broking, the two categories are merging into the single category of wealth management. At the same time, the job is becoming increasingly complex. Wealth managers need an understanding of financial products – from basic stocks and bonds to complex financial derivatives. An increasing proportion of their clients' wealth is now also invested in hedge funds.

With rich people getting richer, business is booming. A study by the Scorpio Partnership, a consultancy working in the wealth management sector, found assets managed by private banks globally rose more than 7% in 2005 to over $6 trillion worldwide.

The private client broking market has benefited from rising stock prices. Between March 2003 and March 2006, the FTSE 100 index of the largest UK companies rose more than 80%, encouraging individual investors to invest money in the markets after many pulled out following the bursting of the technology bubble in 2001.

Key players

In 2005, two out of three of the world's largest private banks, UBS and Credit Suisse, were Swiss. The remainder of the top 10 were private banking divisions of other international investment and retail banks.

Leading global private banks 2005

Rank	Bank	Assets under management ($bn)
1	UBS	1,301
2	Merrill Lynch Global Private Client Group	1,040
3	Credit Suisse	521
4	JP Morgan Private Bank	300
5	Deutsche Bank	187
6	HSBC Private Banking	183
7	Citigroup Private Bank	177
8	Wachovia Wealth Management	155
9	ABN Amro Private Banking	151
10	Goldman Sachs	141

Source: Scorpio Partnership

Roles and career paths

If you work as a private banker, you can expect to perform one of three broad categories of job: investing money for existing clients, building relationships or managing back-office functions such as human resources and accounting.

People working on the investment side of private banking either invest their clients' money themselves or offer their clients detailed advice to help them invest their own money. They are typically product specialists, who are expert in a particular asset class, including fixed income, equity, structured products of any kind or investments in the private equity and hedge funds sectors.

People working on the relationship side are effectively sales people who spend their time cultivating links with clients and selling the bank's services. This can involve a lot of travelling and close contact with interesting, unusual and demanding people. When a relationship private banker has established a client's needs, investment specialists are brought in to put a more detailed solution together.

A decade ago, most private bankers combined the investor and relationship role. In some organisations, they still do. But in most banks, investors and relationship managers are now separate, another symptom of the industry's growing complexity.

Banks such as Coutts (part of the Royal Bank of Scotland), Goldman Sachs, HSBC and UBS run graduate training schemes for private bankers. If you don't find a place on a graduate training scheme, then it is often possible to move into private banking with a background in corporate finance or, more particularly, fund management.

If you work as a private client broker, you will have to develop relationships with (usually) wealthy individuals,

Wealth management (continued)

who will turn to you when they want to buy and sell financial products.

There are two types of broker: those working on discretionary mandates, in which wealthy clients communicate their general investment strategy and the broker buys and sells the financial products they think appropriate; and those working on advisory mandates, in which the broker advises the client what to invest in, but needs their permission before making a move.

Junior brokers are more likely to work on advisory mandates. However, making a first move can be challenging, with few brokerage firms offering graduate training courses.

Pay

Private bankers don't earn the mega pay packets enjoyed by some in the investment banking industry. But they don't do too badly. Pay is typically divided into a base salary and a performance-related bonus. After four years, you could expect a base salary of around £50k, plus a bonus.

Private banking salaries 2006

Years of experience	Base pay (£k)
2 – 5	45k – 60k
4 – 8	55k – 90k
8 +	80k +

Source: Morgan McKinley

While private bankers are typically paid a base salary and a bonus, private client brokers usually earn a fixed percentage commission based on the revenues they bring in. Harry Pilkington, a headhunter at search firm Armstrong International, says this is typically somewhere between 30% and 40%. Someone who brings in £500k of business will therefore not do too badly.

Skills

It's no good going into private banking if you have a taste for gossip and celebrity intrigue. Private banking recruiters stress that discretion is a key attribute of people in this sector.

Marc Hoodless, head of HR at British private bank Hoares Bank, says as well as being discreet, private bankers need excellent customer service skills: "You'll need demonstrable knowledge and understanding of the financial markets. You'll also need to be able to establish a relationship of trust with customers."

John Last, head of HR at Coutts, says the bank is looking for people with excellent interpersonal skills, respect for client confidentiality and a reasonable level of numeracy.

Mark Stevens, head of private clients in London for stockbrokers Williams de Broe, says private client specialists need to be good at building relationships with clients. "Success is about understanding a client's risk profile and investment needs, and applying a suitable investment style across a diverse range of asset classes," he says.

Most private banks will expect you to achieve a 2:1 or above.

Profile

Mark Evans
Family business and philanthropy, Coutts & Co

As head of family business and strategic philanthropy, Mark advises clients and bankers on matters that affect family business owners and philanthropists, such as managing succession or effective giving to charity. He also runs various education and networking fora, and helps design new products and services. Mark studied Arabic and Hebrew at Exeter.

What makes a great private banker?
Someone who can develop a trusted relationship with clients. You need to be able to listen, empathise, ask the right questions, anticipate issues and understand the specific needs of the client to deliver the right solutions.

Is it all about lunching with rich clients in Monte Carlo?
No. It's much more about developing trusted relationships with clients (which may involve going out for lunch). There are often a lot of sensitive issues involved in family businesses and philanthropy, and you have to understand them before you can start talking about potential solutions.

What does a typical week involve?
Plenty of client meetings, covering a range of issues. I might help clients to set up a charitable foundation and create a personal giving strategy. This involves understanding peoples motivations for giving, helping them define their objectives, researching causes and working with third-party professionals to identify the appropriate charities or projects to support.

I might also have discussions with family business owners on issues such as business succession, raising liquidity or recruiting non-family members to the board, so that I can bring in the right bankers or external experts to help.

I usually also make several presentations to win new business, meet with some of our long-term clients to explore new opportunities for expanding existing relationships and organise various marketing events, such as the Coutts Forum for Philanthropy and the Coutts Prize for Family Business Owners.

What's the most interesting thing about your job?
Meeting leading business people, social entrepreneurs and professionals, who all want to make the world a better place.

And which part could you live without?
Anything to do with administration and paper work.

Mark's tips: Notes

Speak to lots of different people, at different levels from different private banks.

Try to get a summer internship at a private bank.

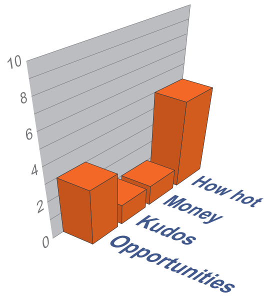
Think about whether you prefer managing clients, designing products or dealing with systems. If you want to be good at your job, it is important you enjoy it.

At a glance

- Most custody jobs are administrative and process-driven
- The entry bar is lower than for many other banking sectors
- It's worth sending your CV on spec

Global custody

Keeping the paperwork for other people's assets



Before computers existed, global custodians had large filing systems for their core work – storing certificates of share ownership for their clients. Fortunately today, certificates related to asset ownership are stored electronically, making the business of custody much less space intensive.

Unfortunately, custodians merely look after this money – they don't earn it in revenues. Instead, they levy a fee (typically up to 0.08%) of the assets they're managing.

Trends

Global custody is a big business. In 2005, the total value of worldwide custody assets was more than £40 trillion, according to globalcustody.net, a specialist website.

The bad news is that custody fees are under pressure as everyone competes for the same business. Custodians are increasingly branching out into more lucrative businesses such as securities lending (lending out stocks and shares owned by their clients) and risk measurement. Small custodians lack the manpower and technological wizardry for these higher margin activities and are gradually being subsumed into bigger players as a result. In 2005, for example, Royal Bank of Canada merged its custody activities with those of Dexia, the Franco-German bank, to form the world's ninth-largest global custodian by assets under management. This followed numerous other instances of consolidation, such as Citigroup's 2004 purchase of ABN Amro's custody operations and Deutsche Bank's sale of its large global custody business to State Street in 2003.

> **"People going into areas like settlements and corporate actions need to be organised, process-driven and able to work under pressure"**
> Kirsten Duffy, Morgan McKinley

Key players

It's no coincidence that the global custody industry is dominated by very large US banks. In the past decade, the industry has invested serious money in updating technology and large firms were the only ones with budgets big enough to do this. Today the industry is dominated by JP Morgan, Bank of New York and Citigroup.

Roles and career paths

Let's be honest – much of the work is administrative and repetitive, but the role of the custodian has widened to a range of other services. These include income collection (eg. collecting dividends from clients' investments); performance measurement (calculating the returns clients' investments have made over a period of time); trade support (ensuring trades are settled properly); and proxy voting on behalf of clients at shareholder meetings. However, custodians typically specialise in a particular area, so what you do will depend on where you work. Custodians also offer more exciting client-focused and technical jobs.

Top banks by global custody assets 2005	(£bn)
JP Morgan	5,699
State Street	5,331
Citigroup	3,727
Mellon	2,232
BNP Paribas	2,026
HSBC Securities Services	1,679
Northern Trust	1,572
RBC Dexia Investor Services	1,123
CACEIS Investor Services	1,045
Investors Bank & Trust	973

Source: GlobalCustody.Net

Relationship managers, for example, work with clients to reassure them that their assets are safely maintained. Kirsten Duffy, a custody specialist at recruitment firm Morgan McKinley, says graduates typically move into these more interesting positions after a few years.

Few global custodians offer graduate training programmes, so it's worth sending in your CV speculatively.

Pay

Global custody pays much less than investment banking or asset management. But the pay is rising.

Spencer George, a consultant at recruitment firm Badenoch & Clark, says salaries for custodians have risen around 15% in the past year. "Custodians are now paying entry-level staff around £30k," he says. "A few years ago, they were taking on graduates at only £23k."

But you won't get rich working in custody. George says it's very unusual to earn more than £100k. The best paid roles are apparently in derivatives trade support, relationship management and performance measurement. Morgan McKinley says custodians can earn £70k or more within eight years.

Skills

Scott Dickinson, a global relationship manager at BNP Paribas Securities Services, says people going into relationship management need two to five years' operations or client services experience in the financial sector. "Candidates should be able to demonstrate strong communication, planning and selling skills," he says.

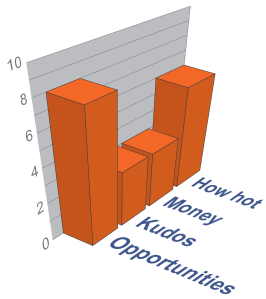
The bar is lower for junior jobs. Duffy at Morgan McKinley says: "People going into areas like settlements and corporate actions may not need a degree. They will, however, need to be organised, process-driven and able to work under pressure".

At a glance

- Operations staff work behind the scenes to help banks run smoothly
- Pay is much lower than in revenue-generating areas of banking
- Hours are more conducive to a life outside work

Operations

The unsung heroes of investment banking



The operations division is also known as the "back office". Unlike the traders, sales people, capital markets bankers and corporate financiers of the "front office", people working in operations don't liaise with customers to generate revenues and profits for the bank. Instead, the division is a support function – operations professionals support people in the front office to make sure everything works smoothly and the bank gets paid.

The business of operations covers everything from IT to human resources, accounting (finance) and risk management. Its functions are so broad that operations specialists typically specialise in only one of these areas.

At its centre is the core function of clearing and settling trades. Clearing trades involves looking at the records made by the bank's traders when they buy and sell shares or other financial products, and checking that they match the records kept by people from whom or to whom the shares were bought or sold (the counterparties).

People who work in settlements "settle" trades or ensure the stocks or shares bought and sold by the bank's traders are exchanged for the correct amount of money. "Settlements" covers everything from preparing the documentation required for a sale, to making sure the bank has been paid for all the shares it has sold and bought.

> **"One of the reasons we hire graduates into operations is to see whether processes can be re-engineered and improved"**
>
> Brian Hood, Citigroup

Trends

The operations division may not be where banks make their profits, but it is certainly where they can lose them. The more efficient a bank is at conducting its business, the greater the percentage of revenues that will feed into the bottom line.

Banks have belatedly realised this and are now looking for a higher calibre of person to work in operations. Mike Hartwell of Hartwell Buck, a specialist operations headhunter, says the quality of people working in the back office has increased dramatically. "Graduates, MBAs and accountants are all finding their way into operations now. A few years ago, this wasn't the case at all," he says.

At the same time, banks are shifting simple elements of the operations function to low-cost locations like India, China, Russia and even Scotland. Deutsche Bank, for example, is rumoured to be increasing its Indian staff to 2,000 by the end of 2006, triple current estimates. Similarly, JP Morgan is reportedly shifting 30% of its investment banking back-office jobs to India by the end of 2007.

The move offshore has been paralleled by increased use of technology. Twenty years ago, clearing and settlements were labour-intensive businesses involving a lot of form filling and large filing systems.

Today, they are mainly dominated by computerised settlements facilities that transfer financial products electronically. Facilities such as Euroclear, Clearstream, and Cantor Fitzgerald's eSpeed hold securities in electronic format and transfer them from one owner to another automatically.

None of this bodes particularly well for jobs in operations, which are taking a hit, as processes are electronically streamlined and business moves offshore. The good news, however, is that the jobs left behind tend to be more interesting and higher paid.

One of the most interesting areas of operations is hedge fund operations, or so-called "prime brokerage". Prime brokers act at the back office for hedge funds, offering everything from clearing, settlement and custody facilities to help in managing relationships with investors and assistance with raising new funds. Prime brokers are a lucrative part of large investment banks.

Key players

There's no such thing as a "key player" in the operations world – all banks have operations divisions. However, some are more efficient than others. Every year, research company Z/Yen ranks banks' operations departments in terms of their efficiency and accuracy at confirming and settling trades and managing data. In 2005, Credit Suisse and ABN Amro both ranked in the top three for both equities and fixed-income products.

Overall operations performance 2005

	(equities products)	(fixed-income products)
1.	Credit Suisse	ABN Amro
2.	Merrill Lynch	Morgan Stanley
3.	ABN Amro	Credit Suisse

Source: Z/Yen Ltd

Prime broking in Europe is dominated by Goldman Sachs, Morgan Stanley, Credit Suisse, UBS and Deutsche Bank.

Roles and career paths

Electronic systems have vastly increased the speed with which simple trades are processed. But derivative trades are often too complex to be settled electronically and tasks are still done manually. Trades are often confirmed by fax, for example. The large number of documents required for derivatives transactions creates roles for documentation specialists.

Whether you work with derivatives or not, most operations jobs also have a strategic element – banks use operations staff to analyse ways of making processes more efficient and project managers implement their suggestions; the more senior you become, the more likely you will be assigned to this kind of strategic or project management role.

Pay

As non-revenue generating staff, operations professionals earn less money and lead a less glamorous existence than the highly paid corporate financiers, sales people and traders, who inhabit the front office. Operations staff are a cost centre and banks are mindful of this. Unlike traders or successful sales people, who can receive a bonus equal to many multiples of their salary, people working in operations typically receive a fraction of their salary as a bonus.

According to Morgan McKinley, a recruiter that hires operations staff for banks, senior business analysts with eight years' experience can earn as much as £125k. Operations staff also have two things in their favour – they usually go home before 6pm and they rarely work weekends.

Operations salary and bonus 0 – 2 years' experience 2006

Role	Salary	Bonus %
Trade support	28k – 38k	20 – 30
Settlements	26k – 36k	20 – 30
Business analyst/Projects	28k – 38k	20 – 30

Source: Morgan McKinley

Skills

Stefano Toffolo, head of European operations at Credit Suisse, says people wanting to work in operations need to be able to continually reinvent the model within which banks operate, and deal with conflicts firmly and efficiently. He says a second language is also beneficial.

Jo Scott, the head of European graduate recruitment at Morgan Stanley, says the bank looks for operations people who have strong analytical and problem-solving skills.

"Prioritising work to meet deadlines is key. Operations is also a very team-based environment, so you'll need to be able to work well with other people," she says.

Brian Hood, head of graduate recruitment at Citigroup, says operations employees need to be attentive to detail, and to have good organisational and time management skills. They also need to be creative.

"One of the main reasons we hire graduates into operations is to see whether the processes we use can be re-engineered and improved," he says.

Profile

Simon Lockren
Supervisor, global equity services, Lehman Brothers

Simon spent 10 weeks at the bank as an intern in the summer of 2001 before joining full-time in 2002. He now supervises a team of seven people who deal with problems in the settlement of trades conducted by hedge funds through Lehman's prime brokerage unit. Simon studied business at Bath University.

What prompted you to join the operations division?
I quite like the idea of problem-solving. There are a lot of variables involved in overcoming a difficult issue, which can be very satisfying. The role also had broader responsibilities – I deal with a lot of issues concerning computer systems and advise on strategic IT requirements.

What does the global equities team do?
Whenever there are difficulties or discrepancies, we liaise with brokers to confirm the details of the trade, then go back to the client to check their records. Every team member has an average of 50 or 60 failing trades a day to work through. We try to prioritise failing trades on the basis of their value and the potential loss if the problem isn't resolved. It's a question of being systematic – if we don't have the shares a client has sold, we need to work out why that is; if there's a discrepancy with the dates of the trades, we need to go back to the client and find out if they've made a mistake.

What does a typical day for you involve?
Most of my day-to-day is spent escalating high-risk issues to senior management and helping my team. I have a few meetings about high-value and risky trades, and issues that are coming up. For example, recently, when Shell and Royal Dutch merged two lines of their stock, it caused a lot of work in dealing with the change.

Solving endless problems each day – isn't that frustrating?
Not really. I enjoy that aspect of the job and anyway, if you're doing your job well, then the same problems shouldn't keep recurring. What can be hard is being positioned between the requirements of a client and the requirements of the firm. You need to be client savvy – it's no good insisting the firm is right and annoying a client.

Simon's tips: Notes

Make sure you are aware of the differences between working in operations and in other areas of the bank – an operations career is completely different to sales and trading or corporate finance and requires a different skillset.

Try to secure work experience before applying for a graduate role – even if you can only get a week somewhere, it can help.

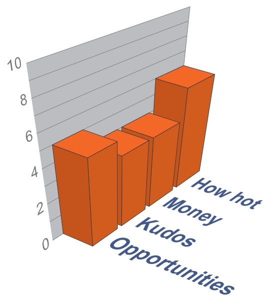
Always try to be open and honest – it's better to be clear about who you are and what you can do rather than misleading people.

At a glance

- Pay is highest in market risk; lowest in operational risk
- Some banks now offer risk-specific graduate training
- Banks see reputational risk as the biggest threat to their market value

Risk management

The professionals that stop bankers doing anything too rash



Voice of caution or spoilsport? Risk managers act as a restraining influence on a bank's risky activities. They ensure a bank is not overexposed to plummeting stock markets or stop huge loans being made to companies on the verge of bankruptcy. They also ensure business continues as normal in the event of operational problems, such as a computer system failure, or disasters like a hurricane or terrorist attack.

The risks faced by financial institutions come in several forms, including:

- *Market risk*: The risk that a whole group of traded financial products (eg. stocks, bonds or commodities) falls in value simultaneously, due to outside events such as rising oil prices and terrorist bombs; also known as "systemic risk";
- *Credit risk*: The risk that a particular company or an individual will default on their obligation to repay their debts;
- *Operational risk*: the risk that something might go wrong in the day-to-day running of the bank – from computer failures and floods to employee fraud;

> **"Market risk specialists need strong skills in mathematics and finance, above-average common sense to figure out the key problems and strong communication skills to explain them"**
>
> Julian Shaw, Permal Investment Management

- *Reputational risk*: The risk that something will happen to damage a bank's good name, such as a high-profile court case against it or damage by association with a client who has done something wrong; is sometimes considered a subsector of operational risk.

Trends

Of all the varieties of risk, reputational risk is flavour of the moment. Following a succession of scandals such as banks' involvement in the collapse of Enron, the Texas energy trading giant; Worldcom, the bankrupt telecommunications company; and Parmalat, the fraudulent Italian dairy manufacturer, banks are increasingly sensitive to the risk of sullying their good names by association with dodgy business deals. The adverse publicity generated from Citigroup's run-in with the Australian financial services regulator in April 2005, following accusations of insider trading, is a reminder of what can happen if things go wrong.

A 2004 study by accountancy firm PricewaterhouseCoopers and the Economist Intelligence Unit found that banks considered reputational risk the greatest threat to their market value. However, quantifiable risks like credit risk and market risk continued to occupy most of their resources. While market risk was traditionally the most complex discipline in the risk pantheon, that distinction increasingly goes to credit risk. New credit derivative products mean that banks are now able to bundle up the risk that a company will fail to repay a loan and sell it on.

For example, under a credit default swap, someone buys the right (at a discount) to occasional loan repayments from the bank's customer. This is all very well, but if the customer defaults on the loan repayments, whoever bought the credit default swap has to repay the remainder to the bank.

As credit default swaps are freely traded between financial institutions, they can be bought and sold many times during a loan's lifetime. However, credit derivative products are typically handled by a bank's derivative sales and trading team, rather than the credit risk team.

Meanwhile, the importance of operational risk has also risen under Basel II, the set of regulations due to come into force in 2007. The regulations specify the amount of capital banks should hold in case of an operational problem, and outline ways of managing and measuring organisational risk.

Roles and career paths

Market risk specialists use mathematical "value at risk" models to work out the maximum amount of money the bank would lose in the case of a particular event, or chain of events, within a particular timeframe. They also work closely with traders to calculate the risk associated with specific trading transactions and typically sit on, or close to, the trading floor.

Credit risk specialists scrutinise company balance sheets and meet company directors to determine the organisation's financial health. As well as looking at profit and loss accounts, they analyse how a particular transaction affects the company's solvency.

Operational risk experts review the likelihood of particular risky events taking place and formulate plans in case they do. If you work in operational risk, you could find yourself doing anything from ensuring that computer back-up systems work properly to conducting post mortems on how well the bank dealt with disastrous events in the past.

Reputational risk specialists endeavour to manage the bank's image. Few banks employ reputational risk specialists per se: the role is typically dealt with by the public relations department, the human resources department and/or the legal team.

If you want a career in risk management, it's a good idea to join a bank's graduate training scheme. At some banks, risk training is covered by the IT or operations department. However, Deutsche Bank, Dresdner Kleinwort (formerly Dresdner Kleinwort Wasserstein) and UBS were among the banks offering risk-specific training to graduates in 2006.

Pay

Compared with other areas of banking, pay for risk managers isn't great, but it is rising. Recruitment firm Sheffield Haworth reports that salaries for risk managers rose up to 10% between 2004 and 2005. Senior associates working in risk management can now earn average salaries of £65k and vice-presidents an average of £75k to £85k. Bonuses for risk managers are typically around 40% of salary. In most banks, market risk specialists, and credit risk analysts specialising in hedge funds will probably earn the most. Operational risk specialists earn the least.

Risk manager base pay 2006

	0 – 2 years' experience	2 – 4 years' experience	4 – 8 years' experience
Credit risk	£32k – £42k	£40k – £55k	£50k – £85k
Market risk	£32k – £45k	£45k – £60k	£50k – £95k
Operational risk	£32k – £40k	£45k – £55k	£45k – £85k

Source: Morgan McKinley

Skills

Julian Shaw, the head of risk at Permal Investment Management, a fund of hedge funds, and a former global head of market risk at Barclays Capital, says: "Market risk specialists need strong skills in mathematics (especially applied mathematics and statistics) and finance (especially option theory and portfolio theory), plus above average common sense to figure out the key problems and strong communication skills to explain them."

Adrian Marples, a risk management recruiter at Sheffield Haworth, says market risk specialists often have a first-class degree in physics or an MA in mathematics. By comparison, he says: "Credit risk people need to be inquisitive and able to extract information from clients about their strategy and financial position."

If you want to work in operational risk and other risk areas, you'll need an understanding of business processes, plus the ability to communicate that understanding. Keith Lovett, chief operating officer of Insight Investments, says you'll need to be able to think through the implications of an event. "Risk management isn't about ticking boxes. You need to understand the bigger picture and help everyone in the business interpret and assess risks in the right way," he says.

Profile

Ingrid Riac
Associate, Dresdner Kleinwort

Ingrid works in the credit risk management team of Dresdner Kleinwort in London. The team is responsible for identifying and quantifying the risk that a particular company or institution will fail to meet their obligations to the bank. She graduated with an MSc in Finance from the EM Lyon Business School in France.

What does a credit risk analyst do?

We need to analyse the company's financial structure, future cashflows, its sector and competitors to decide whether the bank should be exposed to this particular company based on the amount of risk and return involved. If a company does not have the correct risk profile, we might ask it to pledge some of its assets to us as security or negotiate some clauses in the legal documentation as risk mitigants.

Do you get to meet clients?

Yes. When we're analysing small private companies for which limited public information is available, we typically meet them to discuss their business models and possibly do site visits to assess their creditworthiness. For example, I might visit clients in Switzerland and Greece, which can be interesting as they're usually small industrial borrowers with substantial growth prospects and there's very little existing information on them.

How do credit analysts fit into the bigger picture?

We're at the forefront of the bank's decision-making process for new transactions. This covers everything from corporate lending and underwriting to trading on financial markets. We have a role in providing proactive advice and counsel on the transaction and ensuring that credit concerns are raised in time. As a result, we have direct and close relationships with the front office – the investment bankers, the salesforce, traders and lending teams. We also work closely with the legal and compliance teams.

What's the most challenging aspect of your role?

After complex negotiations, it may happen that the final risk involved in a particular trade remains above the bank's risk appetite for the counterparty. We, therefore, have to explain to the sales person, who often has put substantial effort into winning the business, that the transaction cannot be performed under final terms. It's important to remember that the bank has a defined risk appetite for each counterparty.

Ingrid's tips: Notes

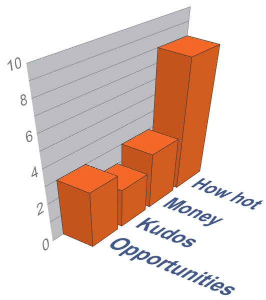
- *You need to be resilient, persuasive and able to stand your own ground when a deal can't go ahead.*
- *You need to be highly analytical, very logical and capable of making a judgment based on various data sources.*
- *If in doubt, question your assumptions and discuss your risk concerns openly, as this remains the best way to establish the whole picture.*

At a glance

- An unglamorous, but increasingly important, area
- A job where you have to hold people to account
- Some banks now offer compliance-specific graduate programmes

Compliance

The banking equivalent of the health and safety brigade?



If you want to work in compliance, you'll need sound judgement and a healthy respect for rules and regulations. Compliance professionals interpret the rules set by the state regulators and ensure banks operate within them. As well as interpreting the complicated and ever-changing external rules that these regulators lay down, the compliance function creates a system of internal rules to apply the regulations. It then communicates those internal rules to the bank's employees and makes sure they abide by them.

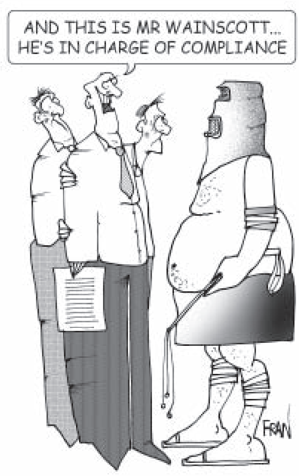
The compliance function is usually split into teams. These include money laundering specialists, training specialists, monitoring specialists, and advisory and product specialists.

Trends

The clout compliance carries is on the rise. In the UK, the body regulating investment banks and other financial organisations is the Financial Services Authority (FSA), which came into existence in December 2001, replacing a mishmash of other regulators.

> **"We need people with the confidence to stand up to people in the business and remind them of their duties"**
> David Kemp, ABN Amro

The FSA has shown itself willing to bare its teeth when required. In April 2006, it fined Deutsche Bank £6.2m for market misconduct after the bank's former head of cash trading tried to artificially boost the price of a stock during a large sale. In June 2005, it fined Citigroup nearly £14m for a bond trade that prompted markets to plummet the previous August. However, the FSA has also been criticised for being too "trigger happy": in 2004 it fined the insurer Legal & General £1.1m for mis-selling endowment mortgages. The case was overturned and the fine subsequently halved.



Money laundering regulations have been tightened considerably in the aftermath of the terrorist attacks of September 11, 2001, creating plenty of work for banks' money laundering departments.

Roles and careers

Jobs in compliance vary, depending on the area in which you work. If you opt for money laundering, you'll spend your time on the look out for suspicious transactions. For example, if someone pays cash for a large quantity of bonds, it is likely to merit your attention, particularly if that person has never dealt with the bank before.

Money laundering teams check the identity of the parties involved and ensure the money came from a known and reasonable source. When the circumstances seem suspicious, money laundering officers report their doubts to the National Criminal Intelligence Service (NCIS).

The job of compliance training specialists seems a bit tame by comparison. While money laundering teams are identifying financial fraudsters, training teams preach the compliance message to the bank's employees. They create and present training courses explaining what the rules and regulations are, and why it is that bankers need to respect them.

Monitoring specialists look out for infringements of rules and regulations that suggest employees are up to no good. Traditionally the realm of junior compliance staff, this role has seen much of its remit taken over by computers. As the head of compliance at one European bank points out: "Our staff send and receive about three billion messages every day. They could never be monitored by humans, but they are monitored by intelligent computer programmes that can spot unusual activities, such as dormant trading accounts that suddenly resurrect themselves."

If monitoring is the least exciting category of compliance, working as a compliance advisor is the most exciting, and usually pays the most.

Compliance advisors interpret the intentions of the regulator and apply them to particular business areas. An increasing number are product specialists who offer advice on particular types of financial product. Product specialists are situated on, or at least near to, the trading floor. They tell traders whether or not a particular trade can go ahead and suggest alternatives that will be satisfactory to the client. Compliance product specialists need to know a lot about trading and the products they're advising on. Some, but not all, are ex-traders.

Compliance-specific graduate training schemes used to be rare, as were entry-level jobs. The good news is that Goldman Sachs and UBS now offer dedicated compliance training, and more are likely to follow.

If you don't get onto an investment bank's compliance training course, there are a few other options. One is to train with the FSA, which hires around 40 graduates annually for a two-year training programme. Another is to work for the compliance consulting arm of a Big Four accountancy firm, such as PricewaterhouseCoopers. Alternatively, you could take a further degree: for example, London's Metropolitan University offers an MSc course in financial regulation and compliance management.

Pay

If you work in compliance, you won't be joining the Ferrari brigade: pay is modest compared to areas like trading and corporate finance. However, like other areas of the so-called back office, pay for compliance professionals is rising as banks realise their importance, try to hire more of them and find there aren't enough to go around.

According to PSD Group, a compliance recruiter, salaries for junior compliance professionals rose 10% between 2005 and 2006 to between £38k and £52k. Bonuses at this level are typically somewhere between £1,500 and £7,500. Heads of compliance can earn salaries as high as £130k, plus bonuses of 100%.

Salaries at the FSA are generally more modest. The FSA's 2005 annual report revealed that chairman Sir Callum McCarthy earned a total of £382,448 during the year. But the average pay package was £56k. Graduate trainees start on packages of £27,500, plus a one-off cost of living allowance of £1,000 to help them settle in London.

Investment banking compliance salaries 2006	
Compliance assistant (2 – 3 years' experience)	£30k – £38k
Compliance manager (3 – 4 years' experience)	£45k – £56k
Compliance manager (5 – 6 years' experience)	£50k – £65k
Heads of compliance	£75k – £160k

Source: PSD Group

Skills

Compliance professionals need to be intelligent and methodical, and not afraid to speak their mind. David Kemp, a development and communications director in the legal and compliance department at ABN Amro, stresses that they also need strong personalities.

"We need people with the confidence to stand up to people in the business and remind them of their duties," he says. "This can be difficult. For example, when an investigation is being conducted, compliance staff might sit in judgment on people on the next desk."

Ian Morrison, a banking compliance specialist at recruitment firm IMS Consulting, agrees: "You'll be telling very aggressive and very bright people on the trading floor what they can and can't do. You need to be able to understand why they're doing what they're doing and to stand up to them if it's unacceptable."

It will also probably help if you have a legal background, says Morrison. Some compliance staff have taken the Legal Practice Course. An economics degree is also useful, as is any knowledge of the bank's products.

At the FSA, Vivienne Man, head of graduate recruitment, says the regulator looks for students from any degree discipline, as long as they have a 2:1 or above and 300 UCAS tariff points at A-level.

Profile

Stephen Morse
Global head of compliance, Barclays Capital

Stephen joined Barclays Capital as global head of compliance three years ago. He previously worked for Credit Suisse First Boston in New York in a global compliance role, and Bankers Trust and JP Morgan. Originally an LLB (Hons) law from Leicester University, Stephen moved into compliance in 1987, when the profession was just getting established and banks used lawyers and accountants to get compliance advice.

What makes a good compliance professional?
A strong understanding of a firm's business, products and strategy; a strong understanding of market regulations; and strong communication and decision-making skills. You also need to be able to think on your feet – the regulatory environment is continuously changing and what's right one day might not be right the next.

Compliance is for people who like following rules. Right?
Wrong. Compliance increasingly requires significant judgment. We often operate in a grey area in which things are rarely simply right or wrong; it's up to the compliance professional to decide.

Surely rules are rules?
Regulations aren't always clear. Plus, we typically have to comply with rules in different countries and sectors at once. There's often potential for significant deliberation about the best course of action. And even if we do conform with regulations, there's always reputational risk to consider – we can follow the rules, but still do wrong in the eyes of clients and the public.

How have things changed since your career began?
These days, compliance is more centered on reputation management and the rights and wrongs of particular transactions. We also see an increasing number of sales people and traders moving into compliance, and firms like Barclays Capital have begun training compliance professionals in house, as there's no ready supply of people with the right experience.

What's the biggest challenge for the compliance function?
Consistently striking the right balance between being commercially oriented and risk and control focused.

Stephen's tips: Notes

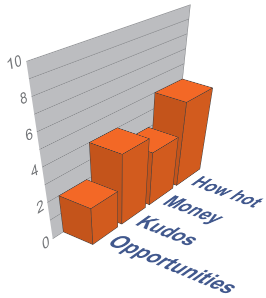
- *Develop a broad knowledge of the business areas – compliance functions cover all aspects of the investment banking business.*
- *Familiarise yourself with business ethics – compliance is increasingly a question of reputational risk as opposed to regulatory risk.*
- *Read up on the legal and regulatory environment – there are plenty of specialist publications like Compliance Reporter, Compliance Monitor and Complinet (a website).*

At a glance

- Ratings agencies rate companies by how well they honour their debts
- Data providers offer live data to traders and sales people
- Graduate training schemes in both fields can be hard to find

Data providers & rating agencies

The heroes and villains – according to what they report



The financial information sector includes companies that provide financial services firms with the information they need to conduct their business. Theoretically, they include everything from small independent equity research firms to financial services consultancies. Here, however, we're focusing on two major areas – rating agencies and providers of real-time financial markets data.

Rating agencies assign credit ratings to organisations and governments after calculating the likelihood of them defaulting on their traded debt products (companies issuing debt products pay the agencies for this privilege).

Ratings are issued in a coded form, making it easier to make comparisons between one organisation and another. So, for example, if a company is rated AAA, the rating agency judges it almost 100% likely to pay on time. If a company is rated C, the risk of not being paid on time is high. There are numerous other ratings in between – from AA and A to Baa and so on.

Matters are complicated by the fact that different rating agencies use slightly varying codes for their ratings.

> **"Issuing a rating isn't just a question of knowing about the company in question – you also need to know the market in which it operates, so you can never really do too much research."**
>
> Maren Josefs, Standard & Poor's

On the whole, however, bonds ranked Baa, BBB or above are considered "investment grade", meaning investors are likely to get their money back.

Anything ranked below this is known as "speculative grade", where repayment is less certain.

While rating agencies help banks and their clients

Ratings: a guide

Agency	Moody's	Standard & Poor's	Fitch
Investment grade	Aaa AA A Baa	AAA AA A BBB	AAA AA A BBB
Speculative grade (junk)	Ba B Caa Ca C	BB B CCC CC C	BB B CCC CC C

Sources: Moody's, S&P, Fitch

by calculating the likelihood of a default, data providers, such as Reuters, Bloomberg and Thomson Financial, provide live (real-time) information on the changing prices of financial products.

They also offer a wealth of other data, including news analysis and information on company accounts, plus related products, such as screens and terminals for traders to use to access their information.

Trends

According to their critics, the big three rating agencies are overly conservative and ill-equipped to deal with the complex products used in today's financial markets.

Rating agencies began by rating simple bonds; today, they also rate various exotic credit derivatives, such as collateralised debt obligations.

Despite this criticism, the big three agencies carry considerable clout. For example, in May 2005, Standard & Poor's (S&P), one of the leading rating agencies, delivered a heavy blow to Ford and General Motors, two of the world's leading car manufacturers, by downgrading their debt to "junk" (speculative) status.

The move affected €355bn ($449bn) of debt at the two companies and followed a 40% drop in first-quarter net profits at Ford, as well as a loss of $1.1bn over the same period at GM.

In March 2006, Fitch Ratings dealt Ford another blow by downgrading its debt further into junk – from BB+ to BBB-. This followed $1.6bn in losses at Ford's North American division in 2005.

Data providers occupy another spectrum entirely – one beset by intense competition between leading players, which battle to provide data faster, more cheaply and on increasingly fancy screens. Over the past decade, Reuters, the traditional market leader, has lost out to Bloomberg, its aggressive number-two rival.

Key players

The ratings agencies sector is dominated by three key players: S&P, Moody's Investor Services and Fitch. Other smaller rating agencies exist, however their role is nominal. According to Sean Egan, managing director of Egan-Jones Ratings, S&P and Moody's together account for 80% of the market.

The data providers market is also dominated by three key players. The battle is principally between Reuters, the traditional incumbent, and Bloomberg, its arch-rival, which is dominant in the fixed-income market.

Like the rating agency sector, there's also a third competitor, Thomson Financial, which is seeking to increase its market share.

According to Reuters' own research, it currently accounts for around 27% of the market for providing trading terminals to traders, which is on a par with Bloomberg. It estimates that Thomson accounts for a further 8% and that the remainder of the market is divided between smaller competitors such as SunGard Market Data Services and Telekurs.

Data providers & rating agencies (continued)

Roles and career paths

If you work for a rating agency, don't expect to find yourself rating companies' bond issues immediately. You're likely to start as a research assistant, helping an analyst, and work your way up. Analysts at rating agencies typically specialise in particular product types. These include: corporate finance (company ratings), public finance (local government ratings), infrastructure (utility companies and public project finance), structured finance (rating derivative products) and financial institutions.

Not all rating agencies operate a proper graduate recruitment programme. S&P recruits on an ad-hoc basis. Neither does Moody's run a graduate training scheme, but it offers internships to students and recruits graduates on an ad-hoc basis.

The exception is Fitch, which took on eight trainees in the UK in 2005. They joined a two-year programme and rotated between corporate finance, structured finance and financial institutions.

Roles at information providers are more varied and cover everything from data analysis to technology, journalism and business development. Reuters runs a European graduate training scheme that lasts for around two years, with the potential to try varying roles and work in different offices globally.

Pay

You will not become rich working for a rating agency or data provider, but you'll get a reasonable work/life balance.

Bruce Wheelan, a consultant at recruitment agency Anderson's, says research assistants at rating agencies can expect to earn a starting salary of between £20k and £25k, but no bonus. After four years, an analyst in a rating agency could expect a salary of around £55k, plus a bonus of £10k, he adds.

Reuters pays its graduates around £24k. According to IT recruitment website itjobswatch.co.uk, the median salary for a technology specialist working with Reuters products is £44k.

Skills

Caroline Priestley, graduate recruitment coordinator at Fitch, looks for graduates who are "good communicators with demonstrable analytical ability, team working skills and solid general IT skills".

Lynne Smith, vice-president of human resources for Europe, the Middle East and Africa at Moody's, also emphasises communication skills. "As well as a solid academic background and sound analytical ability, we want graduates who are strong communicators capable of listening to others, as well as formulating and articulating their own opinions," she says.

Reuters looks for different attributes across its business areas, but also specifies communication skills as mandatory. Anne Bowerman, global head of learning and development at the company, says graduates entering the business programme need to be fluent in at least three European languages. "Applicants to Reuters' journalism division need to be able to express complex issues simply, work unpredictable hours and be willing to accept international postings," she says.

Profile

Maren Josefs
Associate director, Standard & Poor's

Maren joined the insurance practice division of Standard & Poor's two years ago from the capital markets team at risk management consultancy Aon. She is a graduate in European business administration from the European Business School in London and has an MA in finance from London Business School.

Why the switch to a career in credit ratings?
At Aon, I was structuring and pricing catastrophe bonds, which help insurers transfer the insurance risk of natural catastrophes like earthquakes and hurricanes to the capital markets. It was interesting, but mostly technical, and I didn't have as much access to clients. At Standard & Poor's, I have regular access to senior company management, I'm dealing at a much more strategic level and have access to the "big picture" side of things.

What does your current job involve?
A lot of preparation goes into issuing a rating – I meet with senior executives at client companies and talk through the structure of their proposed credit products. When I've analysed the transaction and reached a decision about which rating to suggest, I'll write a paper that is reviewed by our voting committee before the rating is allocated. I also spend a lot of time talking to investors about ratings we've already issued and the rationale behind them.

What's the most challenging aspect of your role?
Issuing a rating isn't just a question of knowing about the company in question – you also need to know the market, so you can never really do too much research. When a client is downgraded, it can also have big implications for their business and they can become confrontational. It's difficult to deal with but we're trained to handle these situations.

What kind of person makes a good ratings analyst?
You need to be opinionated, analytical and enjoy interacting with people at all levels. You also need to be independent and able to get things done autonomously.

Maren's tips: Notes

Get a good financial foundation before applying – my MA in finance was excellent preparation for dealing with the complex financial products that underpin ratings.

Try to build practical experience in the area in which you'd like to work first – my previous experience at Aon enabled me to understand the market I'd be rating.

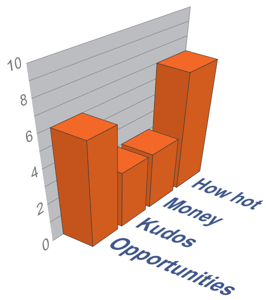
Language skills are highly valued – an analyst working in the London office can cover companies headquartered in Europe and the Middle East, for example, although all our research is published in English.

At a glance

- The industry is divided into insurers, reinsurers and brokers
- Jobs in the City are the most exciting in the insurance business
- You could be accepted even with a 2:2

Insurance

Offers stable careers and less competition for jobs



Think of insurance, and the first thing that springs to mind may be waiting on hold for a price for insuring your car. But the insurance industry is about more than just car insurance or hanging on at call centres. Insurance is a big business: in 2005 global insurance premiums were worth more £1.5 trillion. This is hardly surprising, given that alongside personal insurance, for cars, homes or holidays, insurance companies cover commercial risks on everything from industrial buildings, to power stations and ocean liners.

The insurance industry can be split into three sectors:

- Insurers – the companies that provide the insurance packages;
- Reinsurers – companies that insure the insurers;
- Brokers – companies that sell packages on behalf of insurers.

Whether you work for an insurer, a reinsurer or a broker, a career in the City of London, will put you at the more exciting end of the insurance spectrum. The London insurance market centres on international projects and big commercial clients, says Steve Wellard, director of communications at the Chartered Institute of Insurers (CII). "You could find yourself designing a risk management and insurance programme for big international companies like British Airways," he suggests.

> **"You could find yourself designing a risk management and insurance programme for big international companies like British Airways"**
>
> Steve Wellard, CII

Trends

In recent years, the insurance industry has been battered by giant payouts over natural and man-made disasters. The 2001 terrorist attack on the World Trade Center in New York cost the industry more than £2.4bn. The Boxing Day tsunami in 2004 cost around £8bn. In 2005, hurricanes Dennis, Katrina, Rita and Wilma cost a further £29bn to £39bn. Closer to home, the explosion at the Bunsfield oil terminal in December 2005 is expected to cost around £200m.

Nevertheless, the insurance industry has remained profitable. In 2005, for example, Allianz saw operating profits from its property insurance arm rise nearly 5%, to £2.7bn.

In future, global warming, terrorist attacks, even bird flu, could have a significant impact on insurers. By 2050, the United Nations estimates that insurance payouts will be 900% higher than they are today. Those working in the sector, will therefore have the chance to get up close and personal with many of the big threats to humanity (which could be great for any pessimists out there).

However, careers in insurance aren't viewed with the enthusiasm they might be. A 2005 study by Cass Business School and the CII, found the industry was seen as "intellectually unstimulating", and that 90% of university students wouldn't consider a career in insurance.

Another study by recruitment firm Joslin Rowe found the ratio of applicants to jobs was lower in insurance than any other financial services sector, at only 0.66:1.

With the help of its members, the CII is now launching a marketing programme to raise insurers' appeal.

"Let's be frank," says David Gittings, head of group risk for Wellington Underwriting plc. "Investment banking is regarded as sexy and insurance just isn't."

The good news in all of this is that competition for graduate places is less intense than it could be. Insurers will even take graduates with a 2:2.

Key players

The top UK insurance companies include international players such as CGU, Zurich and Axa. The big five brokers are Aon, Marsh, Willis, Jardine Lloyd Thomson, and Heath Lambert. And the top reinsurers are Swiss Re and Munich Re.

Top UK insurance companies

Ranking	Insurance company	2004 (Total premium income) £m
1	CGU International Insurance	3,870
2	Royal and SunAlliance	3,082
3	Zurich	2,489
4	Axa Insurance	2,353
5	Norwich Union	1,898
6	BUPA Insurance	1,582
7	Allianz Cornhill Insurance	1,351
8	UK Insurance	1,303
9	Direct Line	1,294
10	Churchill	961

Insurance Pocket Book 2006

Roles and career paths

Apart from the usual operational functions, like human resources, finance, and technology, insurance offers a number of specialist careers. These include:

- Underwriting
- Broking
- Actuarial roles
- Risk assessment

Underwriting is the job most typically associated with the insurance industry. "Underwriters look at risks and price them for insurance purposes," says Wellard at the CII. ie. If you're a driver with a history of crashes, it's the job of an underwriter to charge you more for your car insurance.

Like the broking companies they work for, it's the job of individual insurance brokers to sell insurance to clients, be they car drivers, or power stations. Actuaries analyse the financial consequences of risks the insurance company is taking and ask questions such as whether the company has enough reserves to cover future payouts. Risk managers work with the insurers' clients to help make payouts less likely.

In the past, it was common to specialise in one of the above areas, but industry insiders say it's becoming easier to move between roles. In particular, companies like Allianz Cornhill and Axa run management trainee programmes for graduates, in which you will be given exposure to various roles.

The number of graduate jobs is modest, however. Allianz Cornhill takes 10 to 20 people per year onto its general management scheme, while Axa takes around 23. Both companies take a handful of additional staff into more specific roles in the underwriting and actuarial departments.

Pay

Insurance offers respectable rather than glamourous salaries. Wellard says graduate trainees in are typically paid between £18k and £25k, plus a modest bonus.

Data from recruitment company Joslin Rowe suggests underwriters can earn more than insurance brokers. Specialist technical underwriters working on difficult-to-assess risks can earn the most of all.

Job title/experience	Pay
Claims broker, 2 – 5 years' experience	£20k – £30k
Claims broker, 5 years' experience	£30k+
Commercial underwriter, 2 – 5 years' experience	£30k – £45k
Commercial underwriter, 5 years' experience	£45k+

Source: Joslin Rowe

Skills

The skills required for working in the insurance industry vary. If you want to work in an actuarial job, for example, you'll typically need a mathematical degree. But if you want to work as an insurance broker, you'll need to be personable, good at building relationships and able to sell.

"It helps to have numeracy skills, and people skills," says Wellard at the CII. "You'll also benefit from an interest in legal issues, as there's often a legal slant to the problems you'll be addressing."

Laura Cullen, graduate scheme manager at Axa, says it looks for graduates with a 2:2 or above, who have excellent interpersonal skills, leadership potential, high levels of energy, and who can stand up for themselves in the face of potentially awkward clients.

Debbie Crewe, graduate development manager at Allianz Cornhill, says she looks for management trainees who are passionate about insurance: "We're looking for people who can demonstrate an interest in the industry. There's plenty of information in the national press and on our internet site, and we would expect applicants to have absorbed this."

Profile

Thomas Needham
Account developer, Allianz Cornhill

Thomas is a key account developer at Allianz Cornhill. He studied business economics at Liverpool University before joining the company's corporate management trainee scheme in September 2003.

What does an account developer do?

I help manage relationships with our affinity partners. These are brand names like Dixons, the *Telegraph* and Royal British Legions, with whom we work to provide insurance products under their brands. My role is about attracting new partners, retaining existing partners and ensuring their agreement with us is profitable.

Have you worked in any other roles as a graduate trainee?

Yes – this is my fourth placement. The first two lasted six months and the other two, including this one, last 18 months each. I've spent six months in commercial lines underwriting, working out the risks and premiums attached to insuring commercial property and fleets. The next six months were spent mostly in the change department of the claims division, where I helped design processes that would move some of our operations offshore to India.

My first 18-month placement was based in the engineering insurance division. It was designed to develop my technical skills. I worked in business development, underwriting and account management roles dealing, for example, with insuring large construction projects. I moved to my current role one month ago.

What attracted you to a career in insurance?

I was interested in a career in financial services and the insurance sector stood out. I was impressed by its scale and variety. It also seemed to be an area that had been overlooked by many university students. The concept of taking risks for a living is an exciting prospect and that's what insurers do every day – take educated risks about what to insure and at what price.

Thomas's tips:

Notes

Don't think you need a degree in economics. The quality of the person matters more than the degree subject. People in this industry have degrees in everything from history and geography to economics and maths.

Do your research about which company you want to join. Many companies have excellent graduate schemes, although the company brand name may not be as high as its profile.

There is a variety of roles in the insurance industry. Find a scheme that gives you the opportunity to experience and consider them all.

Diversity challenge

Investment banks are keen to be seen as inclusive

At a glance

- Banks want more women and ethnic minority applicants
- They won't drop standards to get them
- Many now run network groups for individual minority groups

Are you discouraged from pursuing an investment banking career because you think the industry is only for straight white men? Don't be. Banks are doing their utmost to open their doors to candidates from all backgrounds, regardless of race, gender or sexual preference.

So what do they mean exactly, when they talk about diversity? "Diversity covers the set of characteristics that make us individuals," says Sharon Harris, UK head of diversity at Deutsche Bank. "It includes age, nationality, ethnicity, religion, gender, sexual orientation, disabilities, and work and communication styles."

> **"Diversity is about respecting differences and acknowledging them as a positive thing"**
>
> Sue Watson, Citigroup

Sue Watson, diversity project manager at Citigroup says, "Diversity means acknowledging human differences and recognising that, because we're all different, we have a lot to contribute. It's about respecting differences and acknowledging them as a positive thing."

However, banks are finding it hard to put their diversity aspirations into practice, thanks largely to a lack of minority applicants. Research by Cornell Partnership, a recruitment firm that runs graduate recruitment campaigns for investment banks, suggests the proportion of women applying to merger and acquisitions divisions can be as low as 26%. And in 2006, only 20% of new managing directors at Goldman Sachs were women.

Recruitment drive

To feed the diversity pipeline, banks need to hire more women and other minorities as graduate trainees.

They run a variety of initiatives to target particular groups. Ethnic minority candidates can get help from Sponsors for Educational Opportunity (SEO), which organises internships for students from ethnic minority backgrounds at companies such as Goldman Sachs, JP Morgan and Lehman Brothers.

Clare Miller, diversity recruiter at Goldman Sachs, says the SEO programme is an opportunity for ethnic minority students to gain a broad-based introduction to investment banking. "Unlike a standard internship, which takes place in a single firm, SEO interns get to learn about the whole industry. They are offered mentoring from bankers at other participating firms, and attend industry-wide seminars throughout the summer," she says.

Ethnic minority and female students can also benefit from Chances Events, run by graduate publishing company GTI. These take the form of one-day sessions held on investment banking premises and include opportunities to meet recruiters and bankers, and practice assessment exercises. For more information, visit www.chancesevents.com.

Banks are also espousing programmes to help disabled students. The UK charity Employment Opportunities for Disabled People works with Lehman Brothers to offer around 16 eight-week paid summer internships to UK university students with disabilities. Lehman also offers six-month placements to disabled people on the Leadership Recruitment Scheme, a programme run by Scope, the UK charity for people with cerebral palsy.

Retaining minority staff

Having attracted diverse candidates, banks are pulling out plenty of stops to retain and promote them.

Women-only drinks events are common. Goldman Sachs runs 85 Broads, a women's network named after the bank's New York office address, not the number of senior women on its staff! It also has a gay and lesbian staff network and a disabled network. Deutsche Bank runs networks for everyone from transgender employees to family members. Citigroup does much the same.

Networks are designed to stop minority employees feeling isolated and to put them in contact with senior people of their ilk. They also impart useful knowledge. Citigroup's parents' network, for example, runs classes on first aid, reading skills and sex education.

Banks are also doing their best to discourage the kind of boorish behaviour that can land them in court. In January 2006, for example, five women working in New York and one in London launched a $1.4bn (£746m) discrimination lawsuit against Dresdner Kleinwort Wasserstein (now Dresdner Kleinwort). They said they were paid less than male bankers, demeaned and blocked from promotion.

Tables turned?

All this attention on minority applicants is leaving some of the majority banking community – mostly white men – feeling rather left out. Citigroup is understood to have trialled a Manpower Hour, to help redress the balance.

Nevertheless, some students complain of unfairness in banks' selection procedures. A Masters in Business Administration (MBA) student at the London Business School, said: "I'm certain that women find it easier to get offers from investment banks. They're asked in for informal interviews and chats all the time. Men get none of that."

Banks, however, deny this is the case. "The investment banking industry needs to attract and retain good talent from wherever possible," says SallyAnn Birchall, head of graduate recruitment at Deutsche Bank.

At a glance

- What's the difference between 'vanilla' and 'exotic'?
- What roles are available in the back, middle and front office?
- What do Basel II and Sarbanes-Oxley require?

Glossary

Key banking terminology the top banks will expect you to know

Back office
Refers to all the behind-the-scenes processes at an investment bank, which don't directly bring in revenues. Most of the work is largely administrative.

Bear
A bear (or bearish) investor is a pessimist, who thinks prices will fall. A bear market is a market in which this is already happening.

Basel II
An agreement between international central bankers aimed at producing a uniform global approach to the risks facing banks. Under it, banks must identify all the risks they face and then allocate sufficient capital to cover potential losses. In most industrial countries, Basel II must be implemented by the end of 2006.

Bonds
Unlike equities, bonds are a kind of debt. Instead of getting a bank loan, companies sell bonds and promise to pay the money back to whoever buys them in X years' time. Until then, they pay the bond holder a small amount of money each year. Because the amount of money paid annually is fixed at the start, bonds are also known as fixed-interest products.

Bulge-bracket bank
A nebulous term referring to the biggest and best investment banks. The US banks Goldman Sachs, Morgan Stanley and Merrill Lynch traditionally possessed bulge-bracket status. More recently, the term has been extended to gigantic rivals such as Citigroup, JP Morgan, Deutsche Bank and UBS.

Bull
A bull (or bullish) investor is an optimist, who thinks prices will rise. Equally, a bull market is a market in which prices are rising.

Buyside
A generic name for organisations that buy financial products (securities) in an attempt to make money out of their changing value. Fund managers are buyside firms, as are hedge funds.

Clearing and settlement
The activities that take place behind the scenes after a financial product has been traded. In the first part (clearing), banks add up all the trades done with one company and look at any problems that arise. In the second part (settlements), the products traded are delivered in return for payment.

Derivatives
A derivative is a financial device that depends for its price on another financial product (eg a stock, bond or foreign currency), or on changes in a financial index or rate (eg the FTSE 100 index of large UK companies, an interest rate, or an exchange rate). When you buy or sell a derivative you don't actually buy or sell an actual product, but a contract linked to that product. For example, someone buying a simple stock option (a kind of derivative) acquires the right to purchase a stock in the future at a pre-ordained price.

Equities
Another word for company stocks or shares. The name comes from the notion that stock holders share equally in the ownership of the company (according to how many equities they own).

Execution
A catch-all word used by people working in banks to describe the process of actually doing deals, as opposed to winning business. For example, once a bank has won the right to advise a company on an M&A deal, it moves into execution phase and the deal goes ahead. Similarly, when a trader places a trade that goes through, it is executed.

Exotic products
Complex derivatives. Exotic derivatives are typically linked into several underlying assets or rates. For example, the price of an exotic derivative may depend on the average price of 20 different stocks, plus changes in the interest rate, and will only pay out if the value of these underlying variants reaches a certain level. Exotic products are cutting edge. They are to be contrasted with vanilla products, which are a lot simpler.

Front office
The revenue-generating areas of the bank. People in the front office interact with clients to bring in business and create profits. Front-office employees include salespeople, traders and corporate financiers. Front-office bankers typically earn the most money.

FSA
The Financial Services Authority, namely the UK financial services regulator. The FSA is an independent body which came into being following a government act in 2000. It aims to promote confidence in the UK financial markets, raise public awareness of financial issues, protect consumers from dodgy financial scams, and to reduce financial crime.

Futures
A kind of derivatives product entitling the buyer to purchase a specific amount of a financial product for a specific price

at a set time in the future. When that point in time arrives, if that price turns out to be below the actual price of the product, the owner can sell the product on for a profit.

IPO
Initial public offering, meaning the first time a company sells its shares on the open market. Privately owned companies that launch on the stock exchange engage in an IPO, for example.

Middle office
As its name suggests, the middle office is positioned between the front and back office of a bank. People who work in the middle office are not strictly revenue generators, nor are they strictly administrative staff. The middle office is concerned with risk management and the calculation of profit and loss. People who work here are, therefore, typically risk managers and accountants.

Origination
As opposed to execution (doing a deal), origination is the word bankers use to describe the process of winning business in the first place. Origination bankers are senior bankers with strong client relationships.

Pitchbook
The research books that junior bankers (analysts) typically compile to help senior M&A bankers win business. They involve a lot of hard work (and sleepless nights) and include everything from information on potential takeover targets, to research on the particular market in which the target company operates, to the sales pitch the banking team will make to the target company.

Price/Earnings Ratio
The p/e ratio is a popular statistic used to analyse whether the price of a stock is reasonable. It is calculated by dividing the current price of a stock with that company's earnings per share.

Primary market
The financial market where investors buy brand new securities that haven't been traded anywhere else previously. Shares released during an IPO are sold on the primary market, for example, as are newly released bonds, or subsequent issues of new shares by companies already floating on the stock exchange.

Sarbanes-Oxley
The Sarbanes-Oxley Act came into force in the US in 2002. It followed a series of corporate scandals, and aimed to protect investors from companies that falsify their accounts. Under Sarbanes Oxley, corporate executives who deliberately mis-state accounts face long prison sentences. One of the most significant parts of the Act is section 404, which says companies must file reports showing they have control over their internal processes. This has created plenty of bureaucracy for banks and other companies that have to produce a paper trail proving internal controls exist.

Secondary markets
The markets in which existing financial products are exchanged between investors. The London Stock Exchange is a secondary market, for example.

Securities
All financial products that can be bought and sold. They include shares, bonds and derivatives.

Sellside
Refers to organisations that sell financial products to clients. Investment banks are sellside organisations, for example.

Short selling
The practice of selling stock that you don't own. This can be advantageous when you borrow stock, sell it expensively and then buy it back cheaply when prices have fallen.

Structuring
The process of assembling complex financial products.

Underwriting
The process by which banks agree to buy any left-over shares in an IPO or other share issue. Banks charge an underwriting fee to cover this risk.

Universal bank
A bank that deals with companies, fund managers and other professional investors, and that also deals with members of the public who have bank accounts with it (known as retail investors).

Vanilla products
Another word for a simple derivative. The most common are swaps (exchanging one financial product for another) and options (which gives purchasers an option to buy a stock or bond some time in the future at a pre-ordained price).

Career FAQs

Graduate recruiters answer your most burning questions

I'm on track for a 2:2. Do I still have a chance with an investment bank?

Different banks approach the academic question with differing measures of flexibility. Some, such as Merrill Lynch and Deutsche Bank, apply minimum standards rigorously, as SallyAnn Birchall, European head of graduate recruitment at Deutsche Bank, explains: "We have an exceptionally high bar at Deutsche and you need to achieve a 2:1 or above."

For others, however, academic standards are a movable feast. Calum Forrest, head of European graduate recruitment at Goldman Sachs, says academic results are only one of the factors influencing the bank's hiring decisions. "We don't hire people who are truly weak academically," he says, "but we would hire someone with a 2:2 if they were outstanding in other ways. However, we would be interested in the circumstances behind the grade."

> **"We would hire someone with a 2:2 if they were outstanding in other ways. However, we would be interested in the circumstances behind the grade"**
>
> Calum Forrest, Goldman Sachs

I studied a degree in English literature. Am I still able to apply?

'Yes' is definitely the answer: for most jobs and business areas, banks welcome applications from students no matter what their degree discipline. Anand David, global head of recruitment at UBS Investment Bank, says: "As long as you're numerate and show a capacity to learn the skills required for the job, we're very interested in hearing from you." Students of liberal arts degrees potentially offer advantages, says David: "They often have strong written and communication skills, and tend to be well-rounded candidates."

The exceptions are investment banking jobs like derivatives structuring and derivatives trading, where knowledge of advanced mathematics is mandatory. Equally, investment consultants typically specify a mathematical background.

I want to take a gap year on graduation. Can I apply and then defer when I join?

The answer here is probably not. Unlike accounting firms, some of which will subsidise students who want to take a gap year, banks are not big on people taking time out. We asked several whether they operated a gap year policy and the answer from them all was 'No'.

Various reasons were given for this lack of flexibility, including the fact that banks receive so many applications from students eager to start as soon as possible, pandering to people interested in gap years is unnecessary. Equally important, recruiters said the unpredictability of financial markets made it impossible to forecast how many graduates they'd need that far ahead.

"Taking a gap year is an individual choice and you will need to apply in the year you are intending to join the firm," says Jane Clark, co-head of campus recruiting for Europe, the Middle East and Africa at Merrill Lynch.

"We'd ask people to apply when it's relevant for them to do so," says Mike Clark, head of resourcing for Europe, the Middle East and Africa at Bank of America.

"We can't say whether the specific job for which they interview one year will exist in the same capacity in a year's time," he says.

I'd like to keep my options open. Can I apply to more than one division?

You can, but it's not always advisable. According to recruiters, people who apply to multiple divisions are seen as lacking focus. SallyAnn Birchall at Deutsche Bank says, "80% of people who apply to us know where they want to work. The 20% who don't may not have done enough research into the industry or have the appetite to really succeed." Vivienne Bradley at Merrill Lynch says jobs vary in different divisions: "It wouldn't make a great deal of sense, and would suggest a lack of focus to say, 'I really want to be an investment banker, but I also really want to work in global markets,'" she says.

I don't have any relevant experience. Is this an issue?

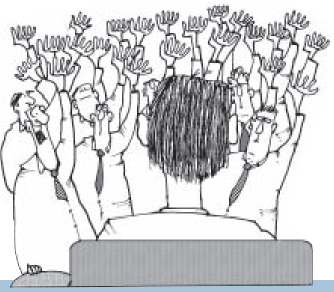
It need not be, as long as you've done all you can to find out about investment banking by attending university careers fairs and scrutinising their websites. Bear in mind that banks are looking for a strong interest in the industry. This could be hard to demonstrate if you've spent the past three summers flipping burgers.

SallyAnn Birchall at Deutsche Bank says applicants with no previous banking experience need to draw parallels between their existing (unrelated) work histories and the kinds of jobs they'd be doing in investment banks. "If you worked the Saturday lunchtime shift at McDonalds, you've probably developed a great ability to multi-task and deal with awkward customers. You need to give clear examples," she says.

Anand David at UBS Investment Bank says a lack of relevant experience, such as a summer internship, will not rule you out, but it will make success more of a challenge. To compensate for this, he says you'll need good university grades and evidence of participation in extra-curricular activities.

Is there such a thing as being at the "wrong" university?

No, say the recruiters. Instead of looking at the institution, most banks say they're more interested in the candidate



and their achievements. "Everyone has a right to apply," says Derek Walker, head of graduate recruitment at Barclays Capital.

However, banks' own figures show that most hire between 70% and 90% of their graduate intake from target universities like Oxford, Cambridge, Imperial College, Warwick and the London School of Economics.

Calum Forrest, head of European resourcing at Goldman Sachs, says the bank would be unlikely to recruit someone from a fourth- or fifth-tier university, but is very interested in applicants from the second tier.

"We're interested in universities with a deep bench of talent, but recognise that the top 5% to 10% of students at numerous universities could be very successful here," he says.

Where does this leave people at universities that aren't on the banking radar screen? "You need to be proactive," says SallyAnn Birchall, head of European graduate recruitment at Deutsche Bank. "Use your head, find out who are the right people to talk to, call people in the business and contact alumni from your university who are working in banking."

I graduated in 2001. Am I too old to join an investment bank's graduate scheme?

Unfortunately, the answer is probably yes. Banks tend to recruit graduates in the final year of their degrees and rarely take applicants more than a year or two after that.

Why are banks so age averse? They say it's partly down to the fact that sprightly 20-year-olds are needed to work their 70-hour weeks.

"To be honest, someone aged 35 to 40 won't even have the stamina to make it through the interview process," says the head of graduate recruitment at one European bank. "People need to be aware what it means to work in an investment bank: most people burn out by the time they're 40."

Things are moving in the right direction for older candidates, however. In December 2006, the European Union's new age discrimination legislation is due to become law in the UK. Lawyers say it will make it harder for banks to limit graduate programmes to recent university leavers and that recruitment advertisements using words like "young" and "dynamic" will become out of bounds.

If I don't land a job on a graduate programme, are there alternative routes into banking?

The chance of getting into banking via an alternative route is down to the banking cycle: when times are good, banks often find themselves understaffed and hire juniors in from outside the industry. But when they're bad, banks are more likely to focus on axing the staff they already have than bringing in new ones from elsewhere.

If banks do need to look outside the industry for juniors, their first port of call is typically the Big Four accounting firms (PricewaterhouseCoopers, Deloitte, KPMG and Ernst & Young). Newly qualified accountants with good academic qualifications and first-time ACA passes are particularly popular.

James Heath, managing director at recruitment firm Greenwich Partners, specialises in placing newly qualified accountants into investment banking roles. He says most go into equity research, corporate finance and private equity.

Another way into the banking industry is to become a strategy consultant. Organisations such as McKinsey & Co, Boston Consulting and Bain & Co are established hunting grounds for banks.

Alternatively, you could do an MSc or MBA. Banks typically recruit MSc students from universities like the London School of Economics, Imperial College and Warwick. Favoured MBA schools include Harvard, Wharton, the London Business School and INSEAD.

If I start in the back office, what are the chances I'll be able to move into the front?

Slim, is the answer. Most banks hire a specific group of graduates for the front office (profit-making, client-facing positions) and another group for the back office (efficiency-focused support roles). Movement from back to front is rare.

"Ten years ago, it was a lot easier to move from the back office to the front office," says Anne Tinsley, a consultant at back and middle office recruitment firm Morgan McKinley. "Today it's become a very tough call."

While it's impossible to move from a securities clearing job to a role as a corporate financier, it isn't unheard of for people to move from working as a desk assistant to a trader to becoming a trader themselves.

Paul Canty, a trader in the fixed-income derivatives division at UBS Investment Bank in London, has done just that. Having begun as a chartered accountant, Canty moved into product control, before becoming a desk assistant and then a trader. He says your chances of making this kind of move will be maximised if you develop close relationships with the traders that you're working with.

I've got more questions, where can I go for advice?

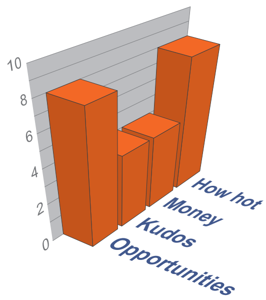
Go to Ask the Expert at efinancialcareers.co.uk/students to put your question to our panel of industry experts. Our experts include real graduate recruiters and banking specialists who know everything there is to know about getting a job in the industry.

At a glance

- Demand for accountants will stay high for years
- Banks prefer ACA, but increasingly accept ACCA and CIMA
- Several banks now offer accountancy training programmes

Working in the City

Accountants with banking knowledge are in demand



Financial services firms employ thousands of qualified accountants who do everything from keeping track of the money made (or lost) trading stocks and bonds to working on merger and acquisition (M&A) deals, and forecasting a company's future share price.

Accounting roles in the City of London are not for the faint-hearted. The work is well paid, but fast paced. Expect to work long hours in a highly charged environment.

There are several varieties of financial services firm to choose from. The most important are fund management firms, which invest money for pension funds, insurance companies and individual investors; hedge funds, which invest money for private investors using complicated trading strategies; and investment banks, which are financial services power houses that do everything from trading financial products to helping companies execute M&A deals. The best paid accounting jobs are in investment banks, but retail banks and insurance companies also need accounting talent.

Trends

Now is a good time to work as an accountant in financial services: investment banks and their money-managing counterparts need a growing number of qualified accountants across all areas of their business.

> **"A good calibre accountant with a few years' financial services experience could easily get five or six job offers without even blinking"**
> Simon Lindrea, Michael Page City

James Watson, human resources manager for the finance division at investment bank Dresdner Kleinwort (formerly Dresdner Kleinwort Wasserstein), says complex products, improving markets and weightier regulatory requirements are driving banks' appetite for accountants. The sector needs more controllers, says Watson, adding: "There is a growing amount of project work related to Basel II." For those out of the loop, Basel II is a set of regulations, due to come into force in 2007, that specify the amount of capital banks should hold to offset operational problems or the risk of customers defaulting on loans.

The upshot of this is a shortage of accountants. "A good calibre accountant with a few years' financial services experience could easily get five or six job offers without even blinking," says Simon Lindrea from recruitment firm Michael Page City.

As a result, banks are prepared to compromise on the kinds of accountants they'll employ. ACA-qualified accountants used to be favourite. Today, recruiters are just as prepared to look at people who are CIMA- and ACCA-qualified. (For an explanation of qualifications see page 84.)

Key players

If you want to work for a bank, there's no shortage of employers. The world's largest financial institution, according to US magazine *Fortune*, is US-based Citigroup, followed by Fortis, the Benelux-based insurance group, London-based HSBC and Paris-based BNP Paribas.

These giant institutions all have investment banking arms. But they also have retail banking networks, through which they take deposits from consumers. "Pure" investment banks, such as Goldman Sachs, Morgan Stanley and Merrill Lynch, are small by comparison.

Roles and career paths

At fund managers and hedge funds accountancy roles are typically for "fund" accountants who provide ongoing reports on the value of the fund's assets and liabilities, check that all funds received are properly accounted for and help prepare for end-of-year reports and submissions to the Inland Revenue. But in investment banks, accountants are more diverse. They include front-office roles (dealing with clients), as well as middle-office and back-office roles, in which accountants work behind the scenes. In the front office, accountants are hired into corporate finance, raising money for companies involved in merger and acquisitions deals, or into equity research, advising on the future of companies' share prices. Accountants working in the front office are typically ACA-qualified.

(For more information on these roles, see page 86.)

In the back and middle offices, accountants occupy a number of roles, including:

Product control: Product controllers work alongside traders to monitor and restrict the risks the bank is exposed to through trades. Like traders, they typically specialise in a particular class of financial product.

Management reporting: Management accountants provide information on the state of the bank itself. This enables managers to formulate strategy based on knowledge of risks and budgetary constraints.

World's leading banks by revenues 2005

Rank	Bank	Revenues (£bn)
1	Citigroup	58.6
2	Fortis	40.9
3	HSBC Holdings	39.3
4	BNP Paribas	37.2
5	Bank of America	34.3

Source: Fortune, Global 500

Financial reporting: Financial reporters produce monthly and year-end accounts, and meet the reporting needs of the Financial Services Authority (FSA).

Technical accounting: Technical accounting specialists help banks ensure they meet the needs of regulators, such as the FSA, and adhere to requirements, such as International Financial Reporting Standards (IFRS).

If you want to be an accountant in an investment bank, there are two main entry routes. You can join straight from university – several banks including Morgan Stanley, Deutsche Bank and Citigroup offer accountancy training programmes. Alternatively, you can gain an accountancy qualification elsewhere and then move to an investment bank.

Pay

Money is what induces many accountants to switch to banking. Base salaries are up to 40% higher than in private practice and there can be substantial bonuses on top. The best paid jobs are for product controllers working with derivative products. According to recruitment firm Morgan McKinley, a financial controller working in derivatives with between one and three years' post-qualification experience can now earn a base salary of up to £70k, plus a 40% bonus.

Accountancy salaries in financial services 2006

Job title	Basic pay (1 – 3 years' (post-qual experience)	Bonus as a % of base pay
Product controller (simple equities)	£45k – £60k	10% – 25%
Product controller (complex derivatives)	£55k – £70k	15% – 40%
Management accountant	£50k – £65k	10% – 30%
Financial reporting	£45k – £65k	10% – 25%
Technical accounting	£44k – £52k	20%

Source: Morgan McKinley

Skills

SallyAnn Birchall, head of graduate recruitment at Deutsche Bank, says the bank looks for several skills in its finance recruits, including "strong influencing skills, creative problem-solving ability, a background in business and a keenly analytical and numerical mind".

Michael Buckley, a consultant in the newly-qualifieds' division of recruiter Joslin Rowe Finance Recruiters, adds: "Banking is a no-nonsense industry. You need to get things done quickly and with a minimum of fuss. You'll be dealing with high-powered people and an ability to get a point across quickly is critical."

Richie Holliday, head of finance recruitment at Morgan McKinley, says accountants on the trading floor could use a science or maths degree, particularly if working with derivatives. Those near the trading floor must have robust personalities. "If a trader wants to do a deal and you can't respond in time, they could lose a lot of money," he says.

Profile

Paul Barry
Financial control, Royal Bank of Scotland

As an assistant financial controller in the capital markets product control division of RBS, Paul looks after the credit flow desk, the high volume-driven area of the capital markets business. The controllers in his team calculate the daily profit and loss accounts for the trading desk, and verify traders' transactions of the previous day to make sure everything has made it onto the ledger systems. They also do price verification work to ensure the trader has marked his positions at the correct level. Paul originally studied engineering at Brunel University.

Can you describe your route to your current role?
I came from practice seven years ago. I trained at a medium-sized firm in London and I am ACA-qualified.

What made you decide to go into banking?
A general interest in the products and an urge to know more about them. I had a working knowledge of stocks and shares, but no real knowledge of credit-based products. I also wanted a challenge and banking was new in a way that moving from practice into industry wouldn't have been. It's a fast-moving and evolving area where new products arrive with increasing frequency.

How did you make the move?
I applied via a recruitment firm. Most banks take on a substantial number of newly qualified ACAs as soon as they are out of contract. I was no different to anyone else in that respect.

What kind of skills do you need to stand out?
You need to be quite analytical. Banks are always interested in good qualifications and a mathematical bias somewhere in your degree or A-levels will probably be to your advantage.

Any disadvantages to working in an investment bank?
You become much more specialised in banking and banking products. I don't want to leave, but if I did, it would be difficult.

Paul's tips: Notes

Don't be deterred if things seem overwhelming at first – the learning curve coming into a bank from practice is steep. But everyone will have gone through the same experience as you.

Talk to people in the industry to get an appreciation of what the bank is actually like to work in. The culture within banks can vary, so it is important to ensure that you fit into the bank's way of working.

Do your reading around the products – the more knowledge you have of the products in the area you are moving into, the better.

At a glance

- CIMA and ACCA are more widely accepted by banks than before
- Without a degree, ACCAs will struggle to get a start in this sector
- ACA remains the preferred option, especially for high-profile roles

Choosing qualifications

Investment banking is no longer just for ACAs

Not long ago, accountants working in investment banks were predominantly ACA-qualified. This has changed as staff shortages have encouraged banks to cast their hiring nets further afield.

Five years ago, Joslin Rowe, a financial services recruitment firm, conducted research into the appeal of different accountancy qualifications to investment banks. Its findings were categorical: banks wanted people who had passed the Association of Chartered Accountants (ACA) exams and were four times more likely to invite them to interview than someone with a Chartered Institute of Management Accountants (CIMA) pass. Today this is no longer the case.

> **"The ACA qualification is an exceptional background for young professionals looking to move into high-profile roles in investment banking"**
>
> James Heath, Greenwich Partners

CIMA in the City

Michael Buckley, a consultant in the newly-qualifieds division of Joslin Rowe, says banks' interest in CIMA-qualified candidates has risen due to a shortage of newly-qualified ACA accountants. "Firms have realised they can utilise CIMA's enormous industry knowledge and strong business acumen," he says.

The salary gap between ACA- and CIMA-qualified accountants has narrowed in the process. According to Joslin Rowe, in 2000 a newly-qualified CIMA entering a financial services role would take home £35k, compared with £40k for an ACA. This year, it says the difference has narrowed to between £1k and £2k.

Banks' partiality to CIMA holders is unsurprising. If you join an investment bank as an accountancy trainee, you will likely go the CIMA route; Goldman Sachs, Lehman Brothers and Dresdner Kleinwort (formerly Dresdner Kleinwort Wasserstein) all put candidates through CIMA. Deutsche Bank allows its accountancy trainees to choose between the CIMA, ACA or Chartered Financial Analyst (CFA) qualification.

"We're trying to be flexible," says Carole Talbot, head of Deutsche's accountancy programme. "We want students to be able to take a relevant qualification that best suits them and the business."

Acceptance of ACCA?

CIMA-qualified accountants are not the only ones benefiting from the drought of suitable ACA candidates. Andrew Chancellor, head of the accountancy practice at financial services recruiter firm Robert Walters, says banks are also more prepared than before to contemplate ACCA (Association of Chartered Certified Accountants) accountants. "If you've trained as an ACCA and have gone on to specialise in financial accountancy, you'll now be appealing to banks," he says.

A recruiter at a large European investment bank agrees: "If there was a historical pre-eminence of the ACA exam in investment banking, that's no longer the case. The profile of institutions such as the ACCA and CIMA has increased markedly in the past five to 10 years. We're open to applications from everyone."

Some commentators are less confident. "The problem with the ACCA is that it tends to be taken by non-graduates," says one recruiter, who asked not to be named. "And if you want to work as an accountant in an investment bank, a degree is mandatory."

ACA still a notch above

Certainly the best paid jobs are accessible only to ACA-qualified accountants. They can go on to become corporate financiers, M&A bankers, equity researchers or private equity specialists.

"The ACA qualification is seen as an exceptional background for young professionals looking to move into high-profile roles in investment banking," says James Heath, managing director of Greenwich Partners, a recruitment firm that specialises in moving recently qualified accountants into front-office (client-facing) jobs in banks. "CIMA and ACCA qualifications are seen as less relevant. In 11 years, I have never recruited an ACCA-qualified accountant," he adds.

Why the ACA appeal?

According to Heath, the principle appeal of the ACA lies in the fact that it's usually taken by candidates with strong academic backgrounds who train with big firms. He says the ideal candidate for a front-office banking position will have a first-time ACA pass, a good set of A-levels (three A grades or an A and two Bs should be sufficient) and a degree from a top university. The work undertaken by ACA-qualified auditors is also part of their appeal.

"If you've worked in audit for a Big Four firm, you will typically have spent a lot of time scrutinising the accounts of major companies like Cadbury Schweppes," he says. "That's fantastic preparation for a job that involves advising those large firms to raise money or analysing their accounts to predict future movements in the share price."

By comparison, Heath says CIMA- and ACCA-qualified accountants have less exposure to large companies and both qualifications place less emphasis on pure audit than ACA exams.

At a glance

- Front-office roles mean interacting with clients
- Hours can be very long in corporate finance
- Competition is fierce

Front-office careers

High flyers with an ACA have plenty of choices

If you're planning to gain an ACA qualification after leaving university but can't face a lifetime of jokes about boring accountants, then think banking. Investment banks employ ACA-qualified staff in plenty of non-accountancy guises.

"The beauty of the ACA is that it's seen as a wonderful grounding for a career in financial services," says Guy Townsend, a managing director at City recruitment firm Walker Hamill. "As well as accounting and risk management jobs, some ACA-qualified accountants join investment banks as corporate financiers, M&A (mergers and acquisitions) bankers, equity researchers and equity capital markets specialists."

> **"Client-facing roles are about personality"**
>
> Guy Townsend,Walker Hamill

These jobs involve interaction with the banks' clients and the potential to earn vast sums of money.

Corporate finance/M&A

Corporate financiers and M&A bankers are two sides of the same coin. Corporate financiers working for investment banks advise client companies (corporates) on how to raise money, often to finance acquisitions. M&A bankers advise the banks' clients on which companies they should acquire and how to fund their acquisitions. As such, they are often one and the same person.

ACA-trained accountants are considered a good bet for jobs in corporate finance. For example, at Close Brothers, a corporate finance specialist, 10 out of the 20 people who joined in the past 12 months were ACA holders and 11 out of 20 of the company's directors are ACAs.

"The usefulness of the qualification comes from the fact that it is gained in practice," says Mike Parkinson, finance director at Close. "Candidates come to us with three years of high-quality experience, as well as the technical skills required by the ACA exams."

Equity research

Equity researchers scrutinise companies' accounts and contemplate their strategic direction before pronouncing whether its shares are likely to rise or fall. Zaki Ahmed, a consultant at recruitment firm The Oxbridge Group, says the ACA qualification is a popular route into equity research. "If you have an ACA from the Big Four, it may allow you to join a bank as an associate – rather than as an analyst, like most graduate trainees – on a salary between £45k and £60k," he says.

ACA pass holders make good equity researchers because they're able to look at the long-term profitability of businesses, build models and make stock price projections, says Ahmed, all of which is the nub of what an equity researcher does.

Guy Ashton, head of European company research at Deutsche Bank, is ACA qualified. "Lots of people study an ACA and move into equity research," he says, "It gives you good modelling and analysis skills, an understanding of financial structuring and the ability to assess business direction."

Other banking options

If you don't fancy corporate finance or equity research, you could opt for equity capital markets, which involves helping companies raise money by selling their shares on the financial markets. Or how about corporate broking, which means helping companies manage their share price? Or trading? Relatively few accountants become traders and most do so by working as accountants on the trading floor, but Andrew Pullman, head of HR for capital markets at Dresdner Kleinwort (formerly Dresdner Kleinwort Wasserstein), says it is possible. "If you have the right skills and capabilities and the right opportunity arises, we might move an accountant into a trading role."

Private equity

Another possibility is a job in private equity, the dream of any graduate familiar with the financial services sector. Private equity funds are the kings of the capitalist system. With hundreds of millions, and often billions, of pounds to invest, they specialise in buying out large established companies, improving them and selling them on.

Lisa Stone, head of operations at HG Capital, a UK-based private equity fund, says a lot of the senior people at HG have taken an ACA in the past. She says the fund generally hires junior ACAs with two years' experience in corporate finance at an investment bank or Big Four firm. "An ACA gives a good understanding of business financials. We like some of our people to have that deep accounting knowledge," she says.

Not for everyone

Competition for the top jobs is intense. "If you've qualified with the Big Four but you've got a 2:2 and ABC grades at A-level, you won't work in M&A or private equity," says Townsend. As well as good academics, he says, "Client-facing roles are about personality."

Finally, it's also worth asking yourself whether you're prepared to make the commitment required to work long hours. It may not pay as well or be as exciting, but a life in auditing will at least mean your weekends are your own.

Profile

Paul Canty
Derivatives trader, UBS

Paul has successfully made the move to a front-office role. He currently trades inflation derivatives – financial instruments whose prices are linked to retail price indices in different countries – in the Euro, UK and US markets. Paul has a first degree in mathematics from the University of Nottingham and an MSc in financial mathematics from King's College, London. He is also a qualified chartered accountant.

Can you describe your career path so far?
I originally qualified as a chartered accountant at Ernst & Young and moved into a product control role in banking after qualification. After a while, I decided it wasn't for me – at Ernst & Young I'd been a revenue earner, but as a product controller I was part of the support function, calculating the profit and loss account for the fixed-income derivatives traders. When I first made the move to the front office, I traded interest rate options for around four years. I've been trading in the inflation-linked market for more than two years now.

Are there any downsides to working as a trader?
The hours are longer and life can be more stressful, but I don't have any regrets.

How did you make the leap into the front office?
Two jobs came up internally – one for a desk assistant on the structured credit desk and one for an interest rate options trader. My boss encouraged me to apply for the trading role and I got the job. It helped that I already had a fairly close relationship with the desk and that my boss vouched for my ability to make the move.

Paul's tips: Notes

- *If you do not get a place, going through the back or middle office can be an alternative.*
- *If you're working as a product controller, try to develop a good relationship with the traders you're working with and make it known that you are keen to move.*
- *Be patient and don't give up.*

Profile

Alex Hay
Corporate financier, Close Brothers

Alex joined Close Brothers, the merchant bank, two years ago from PricewaterhouseCoopers (PwC), where he was an auditor. Alex studied French and German at Oxford and is ACA-qualified.

What prompted you to move out of accounting?
I wanted to apply the financial skills I'd learnt at PwC in a broader and more dynamic context. Audit is a statutory requirement – it happens annually without much variation. I thought the breadth and variety of work would be greater in corporate finance and I was right! I now spend my time analysing companies and markets for transaction opportunities, meeting with senior directors and other advisors to advise on transactions, or meeting with private equity firms to discuss their acquiring or disposing of companies.

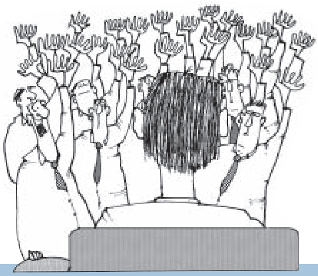
Why didn't you go straight into corporate finance after uni?
I decided I wanted a professional qualification, which I felt would give me greater job security and breadth of opportunity.

How did you make the move into corporate finance?
After I gained my ACA qualification, I started receiving a lot of calls from recruitment consultants, offering plenty of roles for newly-qualified accountants in investment banking and commercial finance. I followed my interest in investment banking.

Is accounting a good base for a corporate finance career?
It provides an excellent theoretical and technical foundation for corporate finance. The ACA course includes modules on corporate finance and leaves you well equipped to analyse company performance and balance sheets, as well as build financial models.

Alex's tips: Notes

- *Try to get some experience in the transaction services division of a Big Four accounting firm. It will give you a flavour of what a corporate finance role involves.*
- *Consider opportunities in the middle market and boutique firms, where the flatter and smaller team structures may give you greater exposure to the full transaction process.*
- *Research a wide range of corporate finance firms to be in a position to make an informed decision about the sectors and deal size ranges in which each company operates.*



Accounting FAQs

Answers to your most pressing questions

What are my chances of moving into investment banking if I don't have a first-time ACA pass?
It depends on the banking climate: if banks are struggling to fill accounting roles (as they have been in 2006), they'll take you even if you don't pass first time. But if banks are facing a rough time, aren't hiring accountants in big quantities and there are plenty of ACAs to go around, it will be a different matter.
Michael Buckley, head of the newly-qualified division at recruitment firm Joslin Rowe, spells it out: "It's down to supply and demand. In the current market, banks will accept ACAs without first-time passes, but a few years ago they were a lot more choosy."

> **"As a rule the closer you are to the trading and sales systems, the less likely it is that your job will be outsourced."**
> Kevin O'Reilly, Deloitte

Whatever the market's like, Buckley says, second-time passers won't be able to move into front office investment banking roles like corporate finance and equity research. "For the front office, banks are still pretty adamant that they want all-singing, all-dancing CVs," he says.

How soon after I've done my ACA should I move into the sector?
The sooner the better, says Richie Holliday, a director at recruitment firm Morgan McKinley. "Newly-qualified ACAs are at a good stage in their career, as they haven't specialised in a particular area," he says.
If you stay in public practice too long, Holliday says, banks will question your motivation for hanging around.
"If you stay for another two years or so, banks will starting asking questions about whether you like working in public practice, and would therefore not be suited to banking, and whether you were hoping to progress to partner, but have realised it wasn't going to happen," he says.
ACAs who move straight after qualifying are seen as ambitious and focused, says Holliday, both of which go down well with banks.

Do I need to come from a Big Four firm to find a job in an investment bank?
No. In the current climate, Andrew Chancellor, head of the financial services division at recruitment firm Robert Walters, says banks are willing to accept people with an ACA from the top 20 accounting firms. However, he adds: "You'll also need a 2:1 from a reasonable university and at least three Bs at A-level."

How certain is it that banks will still want ACAs when I earn the qualification in three years' time?
Don't worry – banks will still be hiring ACAs in 10 years' time. The increasing complexity of derivative products and the rigorousness of the ACA course mean the qualification is set to become increasingly popular among banking recruiters. They may, however, get a little more choosy about who they take.
At the moment, there simply aren't enough ACAs to fill all the positions available. But with accountancy firms now upping their graduate intakes, things could be different when the current batch of trainees qualify in three years' time.
Noel Marshall, managing director of the banking and financial markets team at recruitment firm Finance Professionals, has done the sums. "In 2001 there were 3,747 ACAs qualifying," he says. "That's been falling consistently and in 2006, we are expecting only 2,948 to qualify. But by 2009, there should be 3,700 qualifying again," he adds.
If you want to be certain of using your ACA as a route into investment banking in 2009, Marshall says you'll need a 2:1 degree from a good university, exemplary A-level grades and first-time passes (see above). You'd also be well advised to try to get relevant experience while you are training.

I'm training as an accountant, but want to move into investment banking. What should I be doing to position myself well?
In the current market, you need to do absolutely nothing at all. Simeon Hall, head of the finance division at recruitment firm the PSD Group, says: "Demand for newly-qualified ACAs is currently strong and supply is comparatively limited, so banks will take people regardless of what they worked on during training."
In a less buoyant market, however, Hall says banks will prefer to hire accountants who have experience of auditing capital markets firms (trading houses and investment banks).
"If you know from the outset that you want a career as an accountant in an investment bank, it makes sense to try and get some financial services experience, as this will always prove advantageous," he says.
If you have an inkling that you want to go into corporate finance, it may also help if you spend time in "transaction services", which is where accountancy firms do all the due diligence for companies and investment banks engaged in mergers and acquisitions (M&A) deals. The work involves some analysis and appraisal, as well as lots of fact checking, and isn't wildly exciting. But it will give you an insight into how M&A deals work.

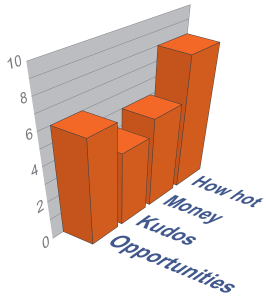
I've got more questions, where can I go for advice?
Go to Ask the Expert at efinancialcareers.co.uk/students to put your question to our panel of industry experts. Our experts include real graduate recruiters and banking specialists.

At a glance

- Banks are increasingly outsourcing IT jobs abroad
- Demand for IT experts to manage outsourced functions will rise
- Communication and programming knowledge are important

Information technology

The division increasingly being outsourced abroad



Banks use computers for just about everything – from communicating with staff and storing information on clients to running complex computer models to price financial products. They are known for having some of the world's cutting-edge computer systems, especially for the trading floor, where financial products and commodities are bought and sold electronically.

Trends

Investment banks' IT spending is a big, but erratic, business. According to research company Celent Communications, European investment banks boosted their IT spend by 5% between 2001 and 2003, only to trim it back in 2004 before increasing spend marginally in 2005 by 2.5%.

> "We look for people who are strong communicators, who are good at innovating and learning, and who show client focus, problem-solving and decision-making abilities"
>
> Adrian Pearce, Merrill Lynch

Why is IT spending rising so slowly? The short answer is because IT is a cost, whereas banks are in the business of trying to maximise profits. Any money spent on new IT systems will, in the short-term at least, have a negative impact on a bank's balance sheet.

European wholesale banks' IT investment, 2001 – 2005

Year	IT spend (£bn)
2001	31
2002	31.5
2003	32.5
2004	30.7
2005	31.8

Source: Celent Communications

In pursuit of lower costs, increasing numbers of banking IT jobs are being outsourced to low-cost locations such as India and China. Many banks have offshore activities. JP Morgan, for example, has an outsourcing agreement with Wipro Technologies, an Indian IT vendor. JP Morgan, Deutsche Bank, Credit Suisse and ABN Amro are all committed to increasing the amount of IT work they do in India.

Deloitte Research, a division of the accountancy firm, forecasts that by the end of 2010, 180,000 UK financial services jobs will have been outsourced to India, many of them in IT. So, does this mean fewer IT jobs in investment banks in Europe and the US? The unfortunate answer is yes. The good news, however, is that banks will need people in western financial centres to liaise with their low-cost colleagues overseas. According to technology research company Forrester Research, there will be no shortage of demand for business analysts and project managers who understand the banking business and can tell Indian programmers what's required. "The financial sector is outsourcing technical jobs and operational positions," says Richard Peynot, a senior analyst at Forrester. "The challenge in future will be to find people with a good understanding of banking products and processes who can manage the outsourced functions."

Roles and career paths

Jobs in IT departments of investment banks tend to fall into one of four categories: development, business analysis, project management and technical support.

If you become an IT developer, you could be responsible for writing the programmes that help the bank do everything from pricing and booking trades to calculating risk. The programming languages used by banks are usually C++, Java and Microsoft's .NET.

While developers write the programmes, business analysts look at the way technology is used in the bank and analyse the opportunities for making it work better. "A trader might complain about the length of time it takes his computer to execute a trade," says one analyst. "It's up to us to investigate whether the complaint is valid. If it is, a new computer might be needed or some of the programming code might need to be changed by the developers."

Business analysts help identify the potential for making changes to a bank's technology systems.

Once big changes are underway, the responsibility for managing them often passes to other staff: the project managers, who plan, structure and fulfil IT projects. If IT development work is outsourced to third-party providers, project managers liaise with providers to ensure the work is completed correctly and within the right time frame.

Technical support staff, meanwhile, require good technical skills and the thick skin to handle not only the technology problems, but the temper tantrums of irate traders. It's a role that carries a lot of responsibility – a computer problem on a trading floor lasting a few minutes could cost millions of dollars. It's up to technical support staff to identify and resolve the glitch as soon as possible.

IT staff in investment banks also usually specialise in the IT requirements of a particular business area. While many IT staff work on the trading floor, others are based in private banking, fund management and operations, or deal with core infrastructure requirements.

Pay

IT is not the place to work if you want a multi-million pound pay package. Unfortunately for IT staff, these salaries are typically restricted to jobs such as trading or corporate finance, where staff work directly with clients to generate substantial revenues.

However, IT salaries in investment banking are solid, with bonuses of up to 20%.

Louise Clarke, head of IT in banking at recruitment firm Robert Walters, says basic pay for investment banking graduate trainees varies from £28k to £35k or more. For developers and project managers with three years' experience, salaries start at £50k and £65k respectively.

Basic salaries IT in financial services 2006

Job title	Years of experience	Basic salary
Senior project manager	6	£70k – £100k
Mid-level project manager	3-6	£50k – £75k
Senior Java developer	5	£65k – £95k
Mid-level Java developer	3-5	£45k – £70k
Business analyst	5+	£60k – £80k
Junior business analyst	3-5	£40k – £60k

Source: Robert Walters

Skills

Adrian Pearce, senior vice-president of global markets and investment banking debt technology at Merrill Lynch, says graduates who join the bank's IT programme need raw skills, rather than an intimate knowledge of specific programming languages. "We look for people who are strong communicators, who are good at innovating and learning, and who show client focus, problem-solving and decision-making abilities."

Nicola Cliff, a senior technology recruiter at Citigroup, says IT business analysts need to be skilled communicators who are self-motivated and able to see products through to completion, despite encountering obstacles.

"As part of their job, business analysts talk to people at every level of the firm – from the chief executive to individual traders – to understand the business needs and identify resources needed to meet their requirements," she says.

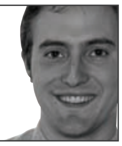
Project managers, by comparison, need to be able to work on several things at once, according to Cliff.

"Project managers tend to work on up to six projects at a time, so one needs to multitask without losing sight of anything."

She says graduate applicants can demonstrate this by organising events for university societies and working on universities projects.

Finally, Clarke at Robert Walters says would-be IT staff in investment banks can also benefit from demonstrable knowledge of financial products. "Top candidates have done an internship with an investment bank and are trading their own portfolios," she says.

Profile



Christopher Peake
IT developer, Lehman Brothers

After graduating with a BSc Hons in computer science from the University of York, Chris joined the graduate scheme at Lehman Brothers in 2003 and has been an IT developer within the investment banking arm of the bank since completing his training two years ago.

What does your work as an IT developer involve?
I work as part of a small team with several other developers and in partnership with a larger team in New York. A lot of what we do is about sharing information efficiently between banking groups using large global web applications.
For example, each time a banker meets a client, they enter information about the meeting onto an information sharing system, which we help design and maintain. That way, if there are lots of people going to visit the same client, they all have access to the big picture.

Why banking technology instead of a software house?
I get bored easily and I need a challenge and the work in an investment bank is incredibly varied. A lot of IT companies and consultancies focus on a specific area, where you're stuck doing the same job for a long time. By comparison, Lehman values diverse experience and encourages staff to gain experience across a broad range of areas.

What's your biggest achievement in the last three months?
We've worked closely with our New York colleagues to deliver a couple of successful global project releases which have been well received by the investment banking division. In addition, we've successfully integrated a fourth developer into the team and he's quickly delivered an application upgrade to six of our offices worldwide.

Where do you see yourself in 10 years' time?
Hopefully I'll have reached project manager level – maybe even heading towards a department manager role with responsibility for at least one or more development teams.

Chris's tips: Notes

- *Brush up your communication skills – of the people who studied IT with me at university, few were good communicators; those who were have gone a long way.*
- *Keep up to date with the latest technologies – banks are always using the most recent developments to gain competitive advantage over their rivals.*
- *Make sure you have an interest in investment banking – the more you understand the business side of things, the better you will do.*

At a glance

- Some banks offer graduate training programmes in IT
- The possibilities for technologists moving into banking are big
- Banks are increasingly recognising the importance of technologists

IT careers

Rise through the ranks in front-line technology

So you want to work in IT in investment banking? But where do you start? Which route will your career take? What are the possibilities for the future?

Starting out

The easiest and most direct way to work in investment banking IT is to find a bank that will take you on as a graduate trainee. Banks such as JP Morgan, Deutsche Bank, Goldman Sachs and Barclays Capital recruit hundreds of graduates into their technology divisions each year.

The advantage of joining a bank directly from university is that you will be trained in the application of technology in financial services and gain a solid understanding of financial products. Not everyone who aspires to working in banking technology will achieve a position as a graduate trainee, however. Banking is a notoriously competitive industry, with around 60 applications for every position. Although IT is less competitive than other areas, it remains heavily oversubscribed.

The good news is that if you do not immediately land a technology position, there are several other routes into the industry for technologists.

These include:

- Blue-chip companies – particularly multinationals in the telecoms sector
- Software houses
- Consultants

> "Banks are increasingly recognising the importance of people who want to remain technical while becoming more senior"
>
> Sarah Wilkinson, Lehman Brothers

Getting in

"A lot of banks will take good technologists from outside the industry," says Mike Sherwin, head of banking technology at recruitment firm Huxley Associates. "You'll need very strong knowledge of key languages like C++, C# and Java, and the intellectual ability to learn quickly about the business."

Recruiters say banks are particularly keen on picking up defectors from telecoms companies like Vodafone or British Telecom.

"There are parallels between working for a mobile telephone company that processes thousands of mobile text messages every day and working on the trading floor of an investment bank that processes thousands of instant messages," says Darren Ball, a senior client manager at recruitment firm JM Selection.

Software houses are also a favoured source of banking technologists. You'll be able to move into banking if you have spent two or three years training at the likes of IBM, Oracle or Microsoft. Specialist financial software providers such as Murex and Beauchamp Financial Technology also take on graduates, with Beauchamp alone employing around 30 each year.

Banks are also partial to technologists who have trained at consultancy firms such as Accenture and PA Consulting. Unlike banks, which tend to favour graduates with computer sciences or maths degrees, Suzy Style, head of graduate recruitment at Accenture, says the firm accepts technology trainees from any discipline.

If you are planning to move into banking technology from another area, it's best to do so early in your career. Sherwin cautions against spending too much time elsewhere: "If you leave it more than three to five years before moving into the industry, people will question why you didn't move into banking sooner."

Roles and career paths

Once you've got your foot in the door at an investment bank, the possibilities for technologists are big.

You could work on technology for the trading floor or build the technology that underpins mathematical models used to price financial derivative products, for example. Or simply manage a project to update payroll systems.

On the whole, however, there are two routes available to technologists who work in investment banks: technical and managerial.

With the managerial route, you'll start out as a programmer or business analyst, working on a particular system. From there, you'll move on to managing a small team of similar analysts or programmers, becoming a programme team leader with responsibility for a particular area of a technology programme and, ultimately, a project manager with responsibility for an entire project.

Sarah Wilkinson, former chief operating officer of the technology division at Lehman Brothers who recently became director of its Basel II programme, typifies this type of progression.

"I joined the bank from a small software house as a C++ programmer and went from team leader to project leader to project manager," she says. With Lehman's help, Wilkinson went on to study an MBA, which she says helped her assume additional business-related, rather than technological, responsibilities.

However, if your passion is writing code rather than cajoling herds of recalcitrant techies, banks won't shoehorn you into a managerial role. It's also possible to rise in the ranks while remaining in a front-line technology position. "Banks are increasingly recognising the importance of people who want to remain technical while becoming more senior. We're careful to reward technical gurus who don't have a large number of people reporting to them," she adds.

One way of staying in close contact with technology is to become a systems architect. They make decisions about combining the individual programmes to make a coherent whole and need an understanding of the entire system.

Another way is to work on cutting-edge technologies such as those used to price derivative products. This path is open only to the very best technologists, however. "You need to be very good at programming, very client facing, very quick thinking, very good under pressure and able to understand the mathematics underpinning derivatives models – 95% of programmers don't have the ability," says the head of structured derivatives IT at a European bank.

Where next?

From a career in investment banking IT, you may, like Wilkinson at Lehman, find it possible to move into a role in banking operations. In her new role, Wilkinson says she is responsible for everything surrounding the implementation of the new regulations, which specify the amount of capital a bank has to hold to satisfy its regulatory obligations in the management of market, credit and operational risk.

"Having a background in IT is useful in two ways," says Wilkinson. "I understand how to run a programme and a project, and a significant amount of the complexity in this project is in IT infrastructure changes, so I can get involved in the detail."

Technologists are also increasingly valued in the trading arena. Kevin Bourne, global head of execution for trading at HSBC, is responsible for ensuring all trades are properly placed, processed and paid for. Much of this is now done electronically, so it's little surprise that Bourne started out as a techie.

"I've always been interested in using technology to make business smarter and faster," he says.

"Much of what I do now is about work flow and architecture design. My philosophy is only to apply people where they can really make a difference," he adds.

The one thing you can't count on if you work as a technologist, is moving into the front office in a client-facing role as a trader or sales person. Indeed, if you join the bank with this intention, you won't get very far.

"We wouldn't recruit someone into technology if they really wanted to work in the front office," says Sarah Barker, head of technology graduate recruitment at Morgan Stanley.

Every now and then, however, people working on the technology underpinning derivatives pricing models cross over to become quants, who build the models themselves (and are infinitely better paid). The bad news, however, is that this happens very rarely.

Profile

Heidi Tyrvainen
Business analyst, UBS

Heidi is a business analyst in equities IT at UBS Investment Bank. A psychology graduate of the London School of Economics, she joined the bank's graduate training programme in July 2004 after studying an MSc in business systems analysis and design at City University, and spending three years as a consultant at a software house.

What have you done as an IT trainee at UBS?

After an initial seven weeks of classroom teaching, there were two nine-month rotations. I spent the first in a technical support role, supporting an order routing application that allows clients to send equities orders electronically to UBS.

I then worked as a business analyst on a team developing an order management system. The graduate programme officially finished last month, so I'm now working in a business analysis role permanently.

What made you opt for business analysis?

I'm not a techie at heart. What appeals to me is mediating between the needs of the business and the capabilities of the technologists. I enjoy translating business requirements into a language the technologists understand.

Why did you quit the software house?

Working in-house for a bank, I have more direct responsibility for the success or failure of a project, which I find fulfilling. As a consultant, I advised clients how to get the best value out of the IT systems they bought. It was ultimately up to them whether they implemented my recommendations or not.

Where do you see yourself in five years' time?

I could stay as a business analyst and become more experienced and competent at my job. Or I could move into project management and then programme management. It's too early to say which I'll opt for.

Heidi's tips: Notes

Start your research early. Find out about the internship programmes offered by many banks, which can provide an important route into the industry.

Don't rule out a career in banking IT, even if writing code is not your thing, there are many roles available – from development and support to business analysis and project management.

Attend as many careers fairs and recruitment events as possible. After attending a careers evening and talking to UBS representatives, I received an email from the HR department inviting me to apply for a place on the graduate programme.

At a glance

- Java and C++ are the main languages used by banks
- However, familiarity with C# and .NET will act in your favour
- C++ developers with financial understanding attract high salaries

IT languages

Java is more than a cup of coffee

Investment banks are rapacious users of technology. But which kinds of technology do they use? And how familiar do you need to be with them before you join?

C++

Despite being one of the oldest development tools and suffering the quirks of its age, investment banks remain big on the use of C++ as a programming language. "Most banks have a high proportion of their trading systems written in C++," says Adrian Dobson, a senior consultant at banking technology recruitment firm Aston Carter. "Trading algorithms and the core structure of systems are all C++ based."

"Investment banks can take a little longer than other industries to adopt new technologies"

Tristan Jervis, Imprint Technology

It's a view echoed by Kevin Bourne, global head of execution at HSBC. "We still use C++ for all the 'heavy lifting' applications in front-office trading systems," he says. "It's a very stable and reliable language, and provides a strong core platform."

If you're proficient at C++, you will be in a strong position to find work as an entry-level programmer in an investment bank, because fewer universities are teaching it these days. "If you do an MA in finance at Imperial College, you will be taught C++," says Dobson. "But if you study a modern computer sciences course, you may only be taught C# and Java."

James Murphy, managing consultant at Imprint Technology, says the most popular recruits combine knowledge of C++ with an understanding of financial products. "C++ developers with strong industry experience are difficult to find and attract," he says. "Persuading decent people with these skills to move requires a very attractive salary package."

Java

Java ranks alongside C++ as a key language used by banks and financial services software houses.

Calypso Technology, a provider of securities trading systems, does most of its programming in Java, says marketing associate Jennifer White. "Java is modern, flexible and adaptable, plus it's the internet language, so it makes sense for us to use it," she says.

Lisa Jobson, a corporate account manager in the banking technology team at recruitment firm Harvey Nash, says when it comes to sheer volume of jobs, Java programmers are top of the pile. "Banks use Java to develop a lot of their front-end user interfaces," she says. "Java programmers account for the highest proportion of our banking jobs."

C# and .NET

Although financial services remain wedded to C++, there are signs that they are beginning to espouse the more modern Microsoft languages of C# and .NET. ".NET is being used more frequently by small financial services companies that want advanced functionality fairly quickly," says HSBC's Bourne. "Equally, if we're doing a new development from scratch, we'd be unlikely to use C++ these days."

Tristan Jervis, senior consultant at recruitment firm Imprint Technology, says as C# and .NET become better established, banks will adopt them more frequently and both will be helpful to programmers entering the industry. "Banks can take a little longer than other industries to adopt new technologies," he says. "They need to be as leading edge as they can, but they also need to ensure the languages they use are robust and secure."

Linux

Because security is a big issue, few banks are users of Linux, the open source technology, particularly in front-office trading systems. Linux-based systems are, however, making incursions into the middle and back office. Last year, French bank Société Générale switched its credit risk system to a Linux-based solution and claimed to increase its efficiency in the process. Nonetheless, jobs in Linux remain an exception.

Which database?

As well as familiarity with C++, Java, C# and .NET, it will act in your favour if you're acquainted with database systems such as Oracle, UNIX, Solaris, Sybase and Sequel Server. "Banks use a lot of relational databases to manage data on everything from clients and deals to historical stock price movements," says Jervis at Imprint Technology. "If you are familiar with any relational systems, it will help."

Don't panic!

If you think Java is a cup of strong coffee and a relational database is something to do with your family tree, don't worry! Most banks offer training to new graduates. "We provide training in any languages you will need to do your job," says Nicola Cliff, head of technology graduate recruitment at Citigroup.

"We look for aptitude and the ability to pick things up quickly, rather than existing expertise," she adds.

At a glance

- There is big money to be made in financial services technology
- Learn as much as you can about derivatives products
- Sell your skills to the highest bidder

IT salaries

How to make a mint in technology

A career in financial services IT will not make you a multi-millionaire, but with a little prior consideration, it could work wonders for your bank balance. Here's our advice on how to make a mint in technology.

Sales and trading technology

You won't get rich in investment banking IT if you decide to specialise in the intricacies of the staff payroll system. The big money to be made in investment banking IT is in financial services technology – working on systems that support banks' front-office sales and trading activities. These systems are used by the traders and sales people who have direct contact with clients and are making money for the bank (working on systems that deal with administrative aspects of trading, such as collecting the money after the event, are not as lucrative). The more intimately you are involved with these systems, the easier it is for banks to link your efforts with the profitable activities of sales people and traders – and the more you'll get paid. It's as simple as that.

> **"If you work on a system used to trade derivatives products, you could earn a basic salary of up to £80k"**
>
> Louise Clarke, Roberts Walters

Louise Clarke, head of banking technology at the recruitment firm Robert Walters, illustrates the point.

"If you work on a system used to trade derivative products, you could earn a basic salary of anything from £60k to £80k after five years, plus a bonus of 10% to 50%," she says.

"If you work in a less visible area like payroll technology, your salary may be up to £30k less and you're unlikely to receive a bonus of more than 10%," she adds.

Profit generation

Learn as much as you can about derivative products. As a rule, you will earn more if the technology that you work on has something to do with derivatives. Complex derivative instruments, which repackage simple financial securities to offer higher returns and protection from specific risks, are a significant profit generator for investment banks. If you know about technology and you know about derivatives, you will be on to a winner.

Andrew Keene, the director of banking technology recruiter Thomson Keene Associates, says some of the best paid people in banking IT are quantitative developers, who are the people that construct the technology used to calculate the appropriate price for complex derivatives. A good quant developer can command as much as £180k, says Keene.

To make it as a quant developer, you will need to be good at maths and will benefit from a further qualification. "The best quant developers are academically very strong," Keene says. "An MSc or a PhD in a mathematical subject is normal in this area."

Avoid software houses

Head for big US investment banks and hedge funds, avoid software houses. You're unlikely to afford a second home with a plasma screen TV in every room if you decide to work for a software house – unless, of course, you own the software house, in which case it's a rather different matter.

Lucy Heise, senior consultant at Project Partners, says software houses generally pay lower salaries than banks and relatively paltry bonuses of no more than 10%. By comparison, banks can pay bonuses as high as 60% to front-office IT staff and successful hedge funds pay bonuses that are even higher still.

James Baker, a consultant at recruitment firm Huxley Finance, says developers who move into hedge funds can earn bonuses equivalent to 100% of banking salaries, or more.

However, if you plan to move into hedge fund IT, it is a good idea that you choose your destination carefully – hedge funds are smaller and less established companies than investment banks and they frequently go out of business.

"There's a danger that you'll get no bonus at all and the hedge fund will go under," says Heise.

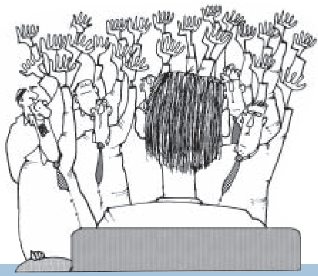
Selling your skills

Switch banks a year or so after training. There's no better way to ensure you're paid market rates than selling your skills to the highest bidder!

Lisa Jobson, manager of corporate accounts at recruitment firm Harvey Nash, advises graduates who have trained in the IT departments of investment banks to change their jobs two to three years after joining.

"By moving on to another bank, you can usually increase your pay by between 5% and 10%," she says. "But you will need both proven experience as well as market knowledge."

However, employees who move jobs too frequently will jeopardise their career prospects, warns Jobson. "Banks often get cold feet about candidates who look as if they've job-hopped just for the money," she says. The answer: after an initial move, don't move on more frequently than every four years.



IT FAQs

Your frequently asked questions

Can I move into banking IT if I start out as a temp?
Probably not: most banks prefer their temps, or "contractors" as they are also known, to be seasoned technologists with prior financial services experience.
"It's very difficult to become a banking contractor straight from university," says Richard Lloyd, director of the technology division at recruitment firm Robert Walters. "Most of the contractors we place in banking roles have at least 12 months' prior experience," he says.
The good news is that this experience need not have been gained in investment banking itself. Banks are currently so desperate to hire good technologists, they are prepared to accept people from outside the industry, says Lloyd. He says people who have worked in consultancies or blue-chip corporations are particularly well placed to become contractors in investment banks.
And once you've got a foot in the door as a contractor, you can always move into a full-time banking technology role. Lloyd says this is happening more and more often.

> **"As a rule the closer you are to the trading and sales systems, the less likely it is that your job will be outsourced."**
> Kevin O'Reilly, Deloitte

Are there any advantages to working for a software house first and then moving into banking?
Yes. If you go straight to a software house, you'll probably learn more about the development lifecycle of new products than if you join a bank from university, says James Baker, a consultant at recruitment firm Huxley Finance in London.
You'll also learn to be a perfectionist. "Software houses tend to follow a more rigorous process than banks," says Baker. "A bank will continuously update and amend its software after implementation, but a software house needs to ensure it gets it right first time."
As a result, he says, software houses can be a good place to start. But if you're certain you want to work as an investment banking technologist, you're still better off going into banking directly. "If you ask a banking recruiter what they want, their first answer will always be someone with experience at another bank," says Baker.

If I go into IT in banking, how can I avoid losing my job to someone in India?
The best bet is to work on key technology used by the bank's sales people and traders.
"As a rule, the closer you are to the trading and sales systems, the less likely it is that your job will be outsourced," says Kevin O'Reilly, head of the financial services strategy practice at Deloitte, a consultancy firm, and a former head of IT at investment bank Barclays Capital. "Most banks wouldn't outsource their core trading systems," he adds. "The cost of getting it wrong is too great."
So which technology jobs are most likely to be shipped off to India and should be avoided? Richard Peynot, a senior analyst at research firm Forrester Research, advises people to steer clear of programming non-front-office systems and of systems maintenance and testing roles, which can be done anywhere.

My degree is in English literature. Do I have any chance of getting a job in technology?
Yes, but you'll need to work twice as hard to prove yourself. Alison Trauttmansdorff, head of graduate recruitment at Goldman Sachs, says most students who go into technology jobs have either a technical or numerate degree. However, this doesn't mean that an English literature degree will automatically rule you out. "If someone studying English has a strong personal interest in IT and has work experience in that area, there is nothing to hold them back," she says.
SallyAnn Birchall, head of graduate recruitment at Deutsche Bank, says your degree discipline is irrelevant, as long as you can demonstrate a real interest in, and understanding of, technology. You might have a music degree, but you could have developed a new computer programme to help you write music," says Birchall. She adds: "You'll need to convince us that you're really passionate about technology."

I want to work on leading edge, state-of-the-art systems. Is banking really the place for me?
Not necessarily. Banks tend to be quite careful about implementing new technologies, particularly when it comes to trading systems, where a fault could mean they lose a large amount of money.
"Banks don't change their systems just because there's a new product on the market," says Lucy Heise, a consultant at IT recruitment firm Project Partners. "As a result, they tend to be behind industries like telecoms and the gaming sector," she says.
O'Reilly at Deloitte's says there are opportunities to work on cutting-edge systems in financial services, but they tend to be in small software houses such as eSpeed or technology-focused companies like TradeWeb, a fixed-income trading website.
"Rather than doing it in-house, banks will often look to specialist providers to conduct their innovation," O'Reilly adds.

I've got more questions, where can I go for advice?
Go to Ask the Expert at efinancialcareers.co.uk/students to put your question to our panel of industry experts. Our experts include real graduate recruiters and banking specialists who know everything there is to know about getting a job in the industry.

ABN·AMRO

Contact name: Lucy Evans
Company address: 250 Bishopsgate, London EC2M 4AA
Telephone: 0870 351 3704
Graduate website: www.graduate.abnamro.com

Company snapshot: ABN AMRO is a leading international bank and one of the world's largest financial institutions. ABN AMRO operates through a matrix of client and product business units that develop and deliver products for all our clients globally. Our relationship-based approach and client-led strategy creates value for a comprehensive spectrum of clients, ranging from mass retail to high net worth individuals, corporate and institutional clients. Our strong corporate culture is based on integrity, teamwork, respect and professionalism, which enable us to make more possible for our clients and our people alike. We believe it's a unique culture within the financial sector. It's a culture where people who are open to new ideas, who aren't afraid to voice their opinions and who are prepared to listen to other people's views will thrive.
Financial report: Total assets at the end of 2005 were €881bn.
Headcount: We have over 100,000 employees worldwide, working on the ground in more than 60 countries
Graduates hires per annum: Approximately 200 globally
Approximate graduate hires 2007: 100 in the UK
Graduates recruited into: Mergers and acquisitions, equity or fixed income, capital markets, structured lending, trading, sales and research, derivatives, risk management, asset management, technology, and finance and accounting.
Training offered: The chance to study for professional qualifications where appropriate, eg FSA, ACCA, CIMA
Internship info: In London, our summer internship programme lasts for 10 to 12 weeks and will commence in early July 2007.
Skills required: We're looking for ambitious, enthusiastic graduates of the highest academic calibre, thought leaders who have the practical skills to get things done and people with the confidence, initiative and team spirit to build strong relationships with clients and colleagues.

Application deadline:
Graduate development programme: 5 Nov 06
Summer internship programme: 28 Jan 07
Please refer to our website for closing dates.

BAILLIE GIFFORD

Contact name: Richard Barry
Company address: Calton Square, 1 Greenside Row, Edinburgh EH1 4AN
Telephone: 0131 275 2000
Graduate website: www.bailliegifford.com

Company snapshot: Baillie Gifford is one of the leading privately owned investment management firms in the UK and currently has over £40bn under management.
It is also one of the fastest growing firms in the sector, helped by an impressive investment performance record, an exclusive focus on investment management and an effective partnership scheme. Baillie Gifford is a meritocracy that encourages early responsibility. The culture is one where individuals can flourish while benefiting from the support of a strong team-based structure. We are looking for applicants with consistently high academic achievement and, or expecting, a 1:1 or 2:1 degree in any discipline. We also welcome applications from those seeking an early change in their professional career and from PhD students.
Financial report: N/A
Headcount: 490
Graduates hires per annum: 6
Approximate graduate hires 2007: 6
Graduates recruited into: Investment management departments.
Training offered: Baillie Gifford has been successfully recruiting trainee investment managers for over 25 years. We have a structured, tried-and-tested training programme that comprises on-the-job training, internal tailored training courses and study for the IMC and CFA. Working alongside fund managers and partners, trainees learn how to analyse company accounts and assess the investment characteristics and prospects of companies from a wide variety of sectors. Trainees meet company management and contribute to departmental investment strategy. The institutional clients department, a specialist area, is responsible for managing our client relationships and developing our client base. Trainees will spend a secondment in this department in their first three years.
Internship info: We offer approximately seven internships, for an eight-week period, from July to August each year.
Skills required: Consistently high academic achievers with strong interpersonal skills and a keen interest in financial markets.

Application deadline: 31 Dec 06

Bank of America — Higher Standards

Contact name: Graduate recruitment
Company address: 5 Canada Square, London E14 5AQ
Telephone: 020 7174 4000
Graduate website: www.bofa.com/careers

Company snapshot: Bank of America is one of the world's largest financial institutions, serving individual consumers, small and middle market businesses and large corporations with a full range of banking, investing, asset management and other financial products and services. The company's Global Corporate and Investment Banking group (GCIB) focuses on companies with annual revenues of more than $2.5m, middle-market and large corporations, institutional investors, financial institutions and government entities.
GCIB provides innovative services in M&A, equity and debt capital raising, lending, trading, risk management, treasury management and research.
Headcount: Approximately 205,000 worldwide
Graduates hires per annum: Our recruitment has been growing year on year.
Approximate graduate hires 2007: 90
Graduates recruited into: Investment banking, capital markets, sales, trading and research, risk management, global markets technology, operations, middle office, treasury services and network computing.
Training offered: Initial training takes place in New York and combines classroom training with group and individual projects led by industry experts. You will learn technical, personal and professional skills and more about Bank of America's capabilities and culture. Once you begin work in your group, you will have access to ongoing education, which will help you to progress in your specific business areas.
Internship info: Bank of America offers a 10-week summer internship programme, which is an integral part of our recruiting process. Our goal is to provide the outstanding performers on the programme the opportunity to be hired to the bank as full-time employees.
Skills required: All degree disciplines with strong numerical ability and a predicted or actual grade of 2:1. We seek candidates who demonstrate a combination of academic aptitude, quantitative skills, strategic and creative thinking with team focus and the dedication to building a career in the financial services industry.

Application deadline:
Full-time applications: 12 Nov 06
Summer applications: 28 Jan 07
We recruit on a rolling basis.

BARCLAYS CAPITAL

Graduate Website:
www.barclayscapital.com/campusrecruitment

Company snapshot: Barclays Capital is the investment banking division of Barclays Bank PLC which has an AA long-term credit rating and a balance sheet of over £924 billion. With a distinctive business model, Barclays Capital provides large corporate, government and institutional clients with solutions to their financing and risk management needs. Barclays Capital has offices in 26 countries, employs over 9,000 people and has the global reach and distribution power to meet the needs of issuers and investors worldwide.
Financial report: N/A
Headcount: 9,000
Graduates hires per annum: Approximately 400
Approximate graduate hires 2007: 400
Graduates recruited into: Finance, Global Financial Risk Management, Human Resources, Investment Banking and Debt Capital Markets, Operations, Quantitative Analytics, Research, Sales, Strategy and Planning, Technology and Trading.
Training offered: Our graduate programme is key to success and is supported by senior management throughout the organisation. On the programme graduates are provided with an excellent understanding of financial markets, as well as the firm's products, instruments and services. This creates a strong platform on which to build more specialist expertise. The programme takes learning one step further, incorporating practical applications through a variety of case studies, workshops and presentations. Depending on the area joined, each graduate receives comprehensive, role-specific training as well as training in soft skills. Barclays Capital also encourages people to obtain appropriate professional qualifications. And that's just the beginning.
Internship info: There is a 10-week internship over the summer period. We also offer a number of off-cycle internships and work placements.
Skills required: You'll need to be highly numerate and analytical, with strong English skills (verbal and written). Ideally you'll speak more than one European language.

Application deadline: 30 Nov 06 – although we recruit on a rolling basis, so early application is advised.

BARCLAYS GLOBAL INVESTORS

Contact name: Graduate development team
Company address: Murray House, 1 Royal Mint Court, London EC3N 4HH
Graduate website:
www.bgigraduatecareers.com

Company snapshot: Barclays Global Investors is the world's number one index fund manager and one of the top 10 active fund managers. From inventing the world's first index fund in 1971 and the first quantitative active strategy in 1978, we've pioneered change and led investment innovation. BGI has more than $1.6 trillion in assets under management and over 2,800 clients worldwide. BGI offers funds focusing on active, index and asset allocation strategies, is the global leader in exchange traded funds via iShares and is one of the world's largest securities lenders.
Financial report: Visit our website for more information.
Headcount: Over 2,800 employees in 11 offices worldwide.
Graduates hires per annum: Approximately 60 full-time (global); Approximately 50 internships (global)
Approximate Graduate hires 2006: 45 full time (global), 35 internships (global)
Graduates recruited into: Research, portfolio management, trading, business/product development, sales/marketing, strategy, securities lending, operations, IT development. Locations: San Francisco, London, Hong Kong, Singapore and Tokyo.
Training offered: All employees, including interns, have access to seminars, e-learning and classes to suit requirements. Those joining the full-time programme start with a three-week induction at our head office in San Francisco, which combines technical, business and interpersonal skills development. You will develop in-depth specialist expertise relevant to your area through formal and informal education and be supported through professional qualifications. Your education programme is tailored to provide you with the knowledge, skills and tools to succeed in your chosen area.
Internship info: Our 10- to 12-week summer internship positions are open to penultimate year students.
Skills required: An excellent academic background, strong interpersonal and team-working skills and high quality communication skills. A high level of self-motivation is also important. Additional requirements vary depending on the role applied for. Please see the website for details.

Application deadline:
Full-time programme: 29 Oct 06
Internship programme: 28 Jan 07

CIBC World Markets

Contact name: Steve Gardner
Company address: CIBC World Markets, Cottons Centre, Cottons Lane, London SE1 2QL
Telephone: 020 7234 6000
Graduate website:
www.apply-cibcwm.co.uk

Company snapshot: CIBC World Markets is a full-service corporate and investment bank with operations throughout North America, Asia, Europe and Australia, serving more than 8,000 corporate, government and institutional clients.
Our parent company, the Canadian Imperial Bank of Commerce (CIBC), is one of North America's largest financial institutions with offices in 18 countries.
CIBC World Markets works hard to be an employer of choice, providing challenging careers in a supportive culture. We extend every opportunity to maximise your career growth and future possibilities, and our aim is to invest in those people who want to reach their full potential.
The group also has a strong culture in corporate giving. The Children's Miracle Foundation, one of the world's largest one-day corporate fundraising campaigns, raises millions for children's charities worldwide. In Europe, we work closely with a number of charities each year assisting in projects that improve the life of children with special needs in the communities in which we, and our clients, work. We encourage our staff and clients to get involved in these and many other charitable projects.
Financial report: N/A
Headcount: 400 in Europe; 37,000 worldwide
Graduates hires per annum: 10 to 15
Approximate graduate hires 2007: 10 to 15
Graduates recruited into: Corporate finance, leveraged finance, equities and debt capital markets.
Training offered: On arrival, you will undergo an eight-week training programme covering market economics, derivatives, credit derivatives, accounting and corporate finance, credit analysis and financial modelling, as well as technical training in advanced Excel, PowerPoint and Visual Basic applications.
Internship info: N/A
Skills required: Any degree discipline considered, 2:1 and above, and a strong interest in financial markets is imperative. Also important is your willingness to make a difference. We welcome imaginative, confident, hard working individuals who thrive on team situations and enjoy a challenge.

Application deadline: 30 Nov 06

citigroup

Company address: Canada Square, Canary Wharf, London E14 8BD
Telephone: 020 7986 4000
Graduate website: www.citigroup.com

Company snapshot: Citigroup's goal is to be the most respected global financial services company. No financial institution is more committed to understanding and advancing the financial objectives of its clients. Citigroup Corporate and Investment Banking has become a market leader, expertly serving the needs of corporations, governments and institutions with a broad range of financial products and services. From stock brokerage to research analysis, investment banking to global transaction services, Citigroup provides more industry-leading solutions to more clients in more countries than any of its competitors.
Headcount: 300,000 globally
Approximate graduate hires 2007: Approximately 200 full-time and 220 summer internships
Graduates recruited into: We offer full time and summer internship positions in: Investment Banking, Corporate Banking, Capital Markets Origination (Equity and Fixed Income), Equity Sales and Trading, Fixed Income Sales and Trading, Global Transaction Services, Technology, Operations, Human Resourses and Investment Research.
Training offered: People who join us benefit from a rigorous and structured programme, which is reinforced through on-the-job training and further development opportunities. Training is not something that happens at just at the analyst level, ongoing development is something that is encouraged and supported throughout the firm.
Internship info: Our 10 week Summer Internship Programme, open to penultimate year students, is also available in the above business areas.
Skills required: Working at Citigroup means embracing stimulating and challenging work, being at the centre of the financial industry and having the chance to have a truly global career. It demands candidates who will thrive in this environment, who have an excellent academic background, the ability to work independently as well as in teams, and perform under pressure. In return, Citigroup offerd analysts/interns excellent training, a wealth of opportunities and competitive financial rewards.

Application deadline:
Full-time applications: 6 Nov 06
Summer internships: 31 Jan 07

Deutsche Bank

Company address: Winchester House, 1 Great Winchester St, London EC2N 2DB
Telephone: 020 7575 3033
Graduate website: www.db.com/careers

Company snapshot: Deutsche Bank has been a global player for more than 135 years – from financing the building of the Baghdad Railway in the 19th century to being the first German bank to list on the New York Stock Exchange in 2001. Today it is a financial services provider, top executor of M&A deals, Europe's number one fund manager and the global leader in securities trading. At Deutsche Bank, a passion to perform is more than just a claim – it's the way it does business, attracting the brightest talent to deliver an unmatched franchise. It is committed to being the best financial services provider in the world. Its breadth of experience, leading-edge capabilities and financial strength create value for all its stakeholders: clients, investors, employees, and society as a whole.
Headcount: Over 65,000 employees globally
Graduates hires per annum: 1,000
Approximate graduate hires 2007: Over 300 positions in the City of London
Graduates recruited into: controlling and finance; global banking; global markets; global technology and operations; human resources; private wealth management; risk and capital management; treasury.
Training offered: N/A
Internship info: Deutsche Bank summer internship programmes for penultimate year students are designed to give you a first-hand experience of what a career in an investment bank is really like. The programme starts in London in the summer of 2007 and over a 9- to 10-week period, you will have the opportunity to work alongside experienced professionals, complete real projects and work on live deals.
Skills required: N/A

Application deadline:
Analyst training programme: 1 Nov 06
Analyst internship programme: 15 Jan 06

Dresdner Kleinwort

Contact name: Graduate recruitment
Company address: 30 Gresham Street, London EC2P 2XY
Graduate website: www.dresdnerkleinwort.com/graduates

Company snapshot: Dresdner Kleinwort is the investment bank of Dresdner Bank AG and a member of the Allianz Group, one of the world's leading financial services providers. With headquarters in London and Frankfurt and an international network of offices, Dresdner Kleinwort provides a wide range of investment bank products and services to European and international clients through its global banking and capital markets divisions.
Dresdner Kleinwort has a distinct, entrepreneurial culture with dedicated professionals who have a reputation for smart thinking and a strong commercial approach built on an in-depth understanding of clients' needs.
Financial report: N/A
Headcount: Approximately 6,000
Graduates hires per annum: Approximately 150
Approximate graduate hires 2007: 150
Graduates recruited into: Global banking , including advisory and mergers and acquisitions; capital markets,– including sales, trading, research and derivatives; risk management; and information technology.
For details of our intern deadlines, please visit www.dresdnerkleinwort.com/graduates.
Training offered: On-the-job training will be supplemented with a series of seminars and educational programmes to provide a comprehensive overview of the industry and current developments. During your time with us as an intern, you will be set measurable objectives. Prove yourself during this time and you could find yourself on the fast track to the graduate programme in August 2008.
For further information, please visit www.dresdnerkleinwort.com/graduates.
Internship info: Summer internship deadline is 8 February 2007.
Skills required: N/A

Application deadline: Please visit www.dresdnerkleinwort.com/graduates for regional application deadlines.

Fidelity International

Company address: Kingswood Fields, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RB

Company snapshot: Fidelity* now manages more than $270bn for millions of private and institutional investors around the world. Through combining a global reach with a local focus, we have become the UK's largest mutual fund manager and the European leader in pan-European equities. The independence we enjoy as a privately owned company enables us to concentrate on developing innovative products and providing the highest levels of customer service.
**Fidelity is Fidelity International Limited (FIL), established in Bermuda, and its subsidiary companies. Assets and resources as of 31 March 2006 are those of FIL. Fidelity is the UK's largest mutual fund manager (source IMA, April 2006).*
Headcount: 4,500
Graduates recruited into: Equity Research; Investment Strategies Group (Multi-Manager); Sales and Marketing (European Rotation Programme); Sales and Marketing (Institutional Rotation Programme); Operations; Global Oversight; Systems.
Training offered: Students will benefit from both on-the-job and formal training to meet individual requirements and enable them to own and manage their career progression.
Internship info: We offer both Summer Internship and 12-month Work Placements. Please check our website for further information. www.fidelityrecruitment.com
Skills required: You'll need good communication skills and solid analytical capabilities, together with a strong work ethic and an appreciation of effective teamwork. We value people who can work in a constantly changing environment, who are keen to learn and keep on learning. Language skills required – in addition to English, fluency in at least one further European language is essential for our European Rotation Programme.

Application deadline:
Graduate: 31 Dec 06
Work Placement: 31 Jan 07
Summer Internship: 31 Jan 07

FitchRatings
KNOW YOUR RISK

Contact name: Graduate Recruitment, HR Department
Company address: Fitch Ratings, 101 Finsbury Pavement, London, EC2A 1RS
Telephone: 020 7417 4222
Graduate website: www.fitchratings.com

Company snapshot: Fitch Ratings is a leading global rating agency committed to providing the world's credit markets with independent, timely and prospective credit opinions. Built on a foundation of organic growth and strategic acquisitions, Fitch has grown rapidly during the past decade, reinforcing its reputation for integrity, objectivity and transparency, and gaining market presence throughout the world, across all fixed income markets. The agency is dual-headquartered in New York and London, operating offices and joint ventures in 50 locations and covering entities in more than 90 countries. It is a majority-owned subsidiary of Fimalac SA, an international business support services group headquartered in Paris, France.
Financial report: Refer to the Fimalac website, www.fimalac.com
Headcount: 1,800 worldwide
Graduates hires per annum: Average 15
Approximate graduate hires 2007: 20 in EMEA
Graduates recruited into: Financial Institutions, Structured Finance, Corporates, Covered Bonds, Quantative Financial Research, Sovereigns
Training offered: Fitch's blended approach to training - covering technical, product and soft skills - ensures candidates' rapid development. Trainees enjoy substantial exposure to direct on-the-job learning from a range of our experienced analysts, direct involvement in business projects, formal credit training and CFA study support. The wide-ranging programme also includes exposure to data manipulation, market research, web based research and attendance and participation in external meetings.
Internship info: No formal programme.
Skills required: We are looking for ambitious graduates who have achieved a high level of academic achievment, obtaining a 2:1 or above. Strong quantative and analytical problem-solving skills are important, coupled with excellent interpersonal and team-working skills. Fluency in another language would be an advantage.

Application deadline: 31 Jan 07

FORTIS INVESTMENTS

Company address: Fortis Investments-Avenue de l'Astronomie 14,1210 Brussels-Belgium
Telephone: +33 1 53 67 28 03
Graduate website: www.fortisinvestments.com/careers

Company snapshot: Fortis Investments is a leading global asset manager serving institutional and retail investors. We currently actively manage more than EUR 112 bn globally for our clients across a wide range of asset classes: equity and fixed income, structured credit and a range of specialist absolute-return products. These products are managed across 17 investment centres worldwide.
Financial report: Fortis Investments is one of the fastest growing and most financially secure asset managers in Europe. Strong revenue-generating capabilities, together with a highly cost-effective and efficient global operating platform have resulted in 18% CAGR in Net Profits since 2001.
Headcount: Approximately 820 with 221 investment professionals in 17 countries.
Graduates hires per annum: 2005 hiring: 6. 2006 hiring: 6
Approximate graduate hires 2007: 10
Graduates recruited into: Our Global Associate Programme is designed to develop our future investment professionals. Our three-year programme enables the associate to develop the all-round capabilities of a portfolio manager.
Training offered: Fundamental to the programme is a series of placements in a variety of roles and locations across our business, providing an essential understanding of investment management "from settlements to sales". On completion of the programme, each associate will be ready to fill a key role in an investment centre.
Internship info: Our ten-week Summer Internship is opened to undergraduate students in their penultimate year of study. Working with seasoned investment professionals, the Internship will provide you with an insight into the Asset Management industry.
Skills required: Candidates should have an exceptional academic record, the 'drive' to achieve, strong team orientation, high quality communication and influencing skills, a strong analytical mind and a commitment to a long-term career in investment management.

Application deadline: See website

Goldman Sachs

Company address: Peterborough Court, 133 Fleet Street, London EC4A 2BB
Telephone: 020 7552 1738
Graduate website: www.gs.com/careers

Company snapshot: Goldman Sachs is a global investment banking, securities and investment management firm.
Financial report: 2005 was a successful year for Goldman Sachs, reflecting both a robust market environment and strong performance across all our major businesses in virtually every product class and geography. Net revenues increased 21% and net earnings rose 24% to $5.6bn. We continued to maintain our leadership position in global advisory and equity underwriting, ranking first in both worldwide announced and completed mergers and acquisitions, as well as worldwide equity and equity-related offerings.
Headcount: Approximately 22,000 globally
Graduate hires per annum: 250 new analysts into our European offices
Approximate graduate hires 2007: 250
Graduates recruited into: Equities; fixed income, currency and commodities; global investment research; human capital management; investment banking; investment management; merchant banking; operations, technology, finance services; legal and management controls; global compliance.
Training offered: We offer initial orientation, divisional training and development opportunities throughout your career.
Internship info: We recruit interns into all of our divisions. We offer a range of internships, including summer, spring and work placements.
Skills required: Academic discipline and an understanding of finance are less important than the personal qualities an individual brings with them. It is intellect, personality and zest for life that the firm values most. Our ability to meet challenges and ensure the firm's success in the future depends on attracting and retaining the highest quality people and we make an unusual effort to identify the best person for every job. We evaluate candidates on six core measures – achievement, leadership, commercial focus, analytical thinking, teamwork and the ability to make an impact. We expect commitment, enthusiasm and drive from our employees, and in return offer unparalleled exposure, early responsibility, significant rewards and unlimited career opportunities.

Application deadline:
New analyst: 10 Nov 06
Summer analyst: 30 Dec 06

HiFX

INTELLIGENT FINANCIAL SERVICES

Contact name: Richard Bowery, recruitment manager
Company address: Morgan House, Madeira Walk, Windsor, Berkshire SL4 1EP
Telephone: 01753 859170
Graduate website: www.hifx.co.uk/careers

Company snapshot: v is a specialist provider of commercial foreign exchange and cash management services for private and corporate clients. Since its inception in 1998, HIFX has expanded operations globally with offices in Windsor, San Francisco, Auckland, Malaga and Sydney. The company has featured as a top 100 UK employer for 2005/06 and is also ranked amongst the UK's fastest growing unquoted companies in *The Sunday Times* Fast-Track 100 Listing.
HIFX is a premier provider of foreign exchange brokerage and risk management services responsible for over £20bn of foreign exchange transactions on behalf of its clients. HIFX assists more than 2,500 corporate clients and 25,000 private clients each year.
Financial report: N/A
Headcount: More than 240
Graduates hires per annum: 20
Approximate graduate hires 2007: 15
Graduates recruited into: Typically we recruit graduates into our corporate sales divisions, which provides our risk management, corporate brokerage and money market brokerage services. HIFX also hires into the private client brokerage sales and marketing departments, where graduates can train in account management, B2B and in-bound sales functions.
Training offered: HIFX is committed to providing ongoing learning and development for its staff. Upon joining HIFX, graduates complete an intensive two to three-week induction training programme covering product/services, sales and operations before moving on to ongoing training workshops and development sessions delivered via in-house and external training partners.
Internship info: Although no formal internship programme exists, HIFX regularly attracts undergraduates seeking one-year placements and work placements during the summer period.
Skills required: A degree in finance, banking, economics or business, with a 2:1 preferred. We are looking for energetic and motivated individuals seeking a career in corporate and private client foreign exchange services.

Application deadline: 30 Nov 06

HSBC

The world's local bank

Company address: HSBC, 8 Canada Square, London E14 5HQ
Graduate website: www.hsbcnet.com/ibcareers

Company snapshot: The HSBC group is one of the largest banking and financial services organisations in the world. Our Corporate, Investment Banking and Markets (CIBM) business provides tailored financial solutions to major government, corporate and institutional clients worldwide.
Financial Report: In 2005, CIBM contributed about a quarter of HSBC group's $20bn profit.
Headcount: the HSBC group employs around 284,000 employees worldwide. We have 9,500 offices in 76 countries and territories worldwide.
Graduates hires per annum: We recruit around 200 individuals to our range of CIBM development programmes at analyst (graduate/undergraduate) and associate (MBA) level.
Approximate graduate hires 2007: 200
Graduates recruited into: A range of programmes is available: (global) investment banking advisory, corporate and institutional banking, global markets, business support services (operations, finance, credit risk management, compliance), group private banking, HSBC investments marketing, HSBC amanah finance.
Training offered: We offer an extensive and structured induction programme providing comprehensive business and technical training, as well as the opportunity to learn about our global culture and gain a range of transferable soft skills. Ongoing support and development is also given, as well as the opportunity to study for professional qualifications where relevant.
Internship info: We hold 10-week summer internships across the range of our programmes. Please see our website for further details.
Skills required: Please see our website for in-depth information about the skills and qualities required for each of our programmes. Across all, however, we look for candidates with an outstanding academic background, superior relationship and communication skills, the ability to work independently and in a team, strong planning and organisational skills, high levels of self-motivation and initiative and the ability to think creatively and solve problems innovatively.

Application deadline: Analyst: 30 Nov 06; analyst interns: 23 Feb 07; MBA: 6 Nov 06; MBA interns: 15 Jan 07

ICAP

Contact Name: ICAP
Company Address: 2 Broadgate, London EC2M 7UR
Telephone: 020 7000 5000
Graduate website: www.icap.com/careers

Company snapshot: ICAP is the world's largest voice and electronic interdealer broker with a daily average transaction volume in excess of $1 trillion, 50% of which is electronic. The group is active in the wholesale market for over-the-counter derivatives, fixed income securities, money market products, foreign exchange, energy, credit and equity derivatives.
Financial report: Please go to www.icap.com for details.
Graduates hires per annum: 30 globally
Approximate graduate hires 2007: 15 full-time and 15 summer graduates in New York and London.
Graduates recruited into: All product areas.
Training offered: ICAP is committed to offering a wealth of developmental opportunities. We provide you with an orientation and teambuilding event, comprehensive induction training, a mentoring program and continuous development. Our strategy will ensure your abilities are realised, your skills are developed and your potential is encouraged.
Internship info: Our summer programme, for those in their penultimate year of study, is designed to give you a first-hand experience of what a career at ICAP is really like. Over a 10-week period, you could have the opportunity to work alongside experienced professionals, work on live deals and be paid competitively. We arrange a series of networking and social events together with training. The programme will give you the opportunity to secure a full-time job offer when you graduate.
Skills required: We are looking for high calibre, entrepreneurial, team-spirited graduates with drive to succeed in a challenging, pressurised and dynamic environment. You will possess exceptional numeracy, social and interpersonal skills and have a strong interest in financial markets. We welcome any degree discipline with a 2:1 or above. European languages are a definite advantage.

Application deadline:
Full-time: 1 Dec 06
Summer: 19 Jan 07

Lehman Brothers

Contact name: Alison Devey
Company address: 25 Bank Street, London E14 5LE
Telephone: +44 (0)20 7102 1000
Employment website: www.lehman.com

Company snapshot: Lehman Brothers, an innovator in global finance, serves the financial needs of corporations, governments and municipalities, institutional clients and high-net-worth individuals worldwide. Founded in 1850, Lehman Brothers maintains leadership positions in equity and fixed-income sales, trading and research, investment banking, private investment management, asset management and private equity. The firm is headquartered in New York with regional headquarters in London and Tokyo, and operates in a network of offices around the world.
Financial report: Net revenue for 2005 was $14.6bn
Headcount: 23,000
Analyst hires per annum: 200+
Analysts recruited into: We offer full-time positions, summer and industrial placements in the following divisions: Investment Banking, Fixed Income, Equities, Finance, Operations and Information Technology.
Training offered: Investment Banking Division: This is a two-to-three year programme commencing with five weeks of training in London. Analysts receive instruction in accounting, financial modelling and methodologies for broad-based analysis of companies and industries.
Fixed Income and Equities divisions: This is a two-to-three year programme commencing with five weeks of training in London. The training covers accounting, bond maths and capital markets products. Analysts gain exposure to sales, trading and research and origination areas within the Equities and Fixed Income divisions through business presentations and the analyst placement process.
Internship info: To apply for an internship position within the Investment Banking, Fixed Income and Equities divisions, candidates should be available for full-time employment in July 2008
Skills required: We recruit individuals with a high level of academic and extra curricular achievement, who will be able to withstand the rigours of a rapidly changing, demanding but ultimately rewarding environment. Fluency in English is essential and other languages are advantageous.

Application deadline: Varies by region, please check with your careers service or on our website.

Macquarie Bank

Contact name: Graduate recruitment team
Company address: Level 35, CityPoint, 1 Ropemaker Street, London EC2Y 9HD
Telephone: 020 7065 2000
Graduate website: www.macquarie.com/europe

Company snapshot: The v Group is a diversified, international provider of investment banking and financial services, employing more than 8,200 people in 23 countries. Our approach is driven by a deliberate focus on areas of business where our specialist skills and expertise deliver a real advantage for clients. As a result, we have established leading positions in a diverse range of market segments and regions internationally. The group is headquartered in Australia, where Macquarie Bank is a top 20-listed company. Macquarie's European activities include corporate finance and advisory services, specialist funds management, institutional stockbroking and research, treasury and commodities activities, property investment, risk management and financial services. Macquarie offers graduates real responsibility from day one. We provide a uniquely entrepreneurial environment, that encourages and rewards creativity and individual effort. Graduates work on large transactions with senior, highly skilled specialists in a true team environment.
Financial report: Visit our website for up-to-date information.
Headcount: Over 8,200 employees globally, with 650 employees based in London
Graduates hires per annum: 40
Approximate graduate hires 2007: 40
Graduates recruited into: Investment banking group (corporate finance and investment banking funds); treasury and commodities; finance and operations; property investments; risk management; information services.
Training offered: Training programmes vary, but usually combine on-the-job training along with a four-week comprehensive induction and training programme at our head office in Sydney.
Internship info: A 10-week summer internship programme for students in their penultimate year of study is available within our investment banking group.
Skills required: We are looking for graduates from all degree disciplines with superior numeracy skills, analytical abilities, problem solving and strong communication skills. You will be expecting a final grade of at least a 2:1 or equivalent from your undergraduate or masters degree.

Application deadline:
Full-time graduate programme: 31 Oct 06
Summer intern programme: 10 Jan 07

Merrill Lynch

Contact name: Natalie Hildon, Graduate Marketing Manager
Company address: 2 King Edward Street, London EC1A 1HQ
Telephone: 020 7996 3528
Graduate website: ml.com/careers/europe

Company snapshot: Merrill Lynch is one of the world's leading wealth management, capital markets and advisory companies, with offices on six continents. With our wealth of diverse locations, products and services, we can offer you unparalleled opportunities to explore a variety of career options.
Financial report: Total assets – approximately $1.7 trillion
Headcount: 54,600 worldwide
Approximate graduate hires 2007: 120 full-time analysts and 110 summer interns.
Graduates recruited into: Global markets; investment banking; research and technology in various locations across Europe.
Training offered: You'll begin your Merrill Lynch career in New York as part of our intensive induction programme. This introduction to the firm will allow you the opportunity to meet, work and socialise with other new analysts from around the world.
On return to your local office, you'll quickly get to grips with vital professional skills, while we provide you with a thorough grounding in all of the fundamental tools and work practices you'll need.
Internship info: As a penultimate year student, you'll gain an invaluable insight into Merrill Lynch with our 10-week summer programme. Through training from industry experts and on-the-job experience, your ability to prove yourself could lead to a full-time job offer following graduation.
Skills required: Ambitious, confident and highly motivated, you'll be a natural team player with a desire for a future in financial services. Whatever your academic background, you'll have an inquiring mind with the ability to communicate complex messages. What will make you stand out from the crowd is your potential for strong commercial acumen, along with your ability to demonstrate our core values. Relevant work experience and foreign languages are an advantage.

Application deadline:
Full-time programme: 24 Nov 06 5pm (GMT)
Summer internship programme:
12 Jan 07 5pm (GMT)

Morgan Stanley

Company address: 25 Cabot Square, Canary Wharf, London EC14 4QA
Telephone: 020 7425 8000
Graduate website: www.morganstanley.com/careers/recruiting

Company snapshot: Morgan Stanley is one of the world's largest diversified financial services companies with a reputation for excellence in advice and execution on a global scale. The firm serves institutional and individual investors and investment banking clients, including corporations, governments and other entities around the world.
We offer new ideas and effective execution, creating opportunities and insightful solutions to complex financial problems. Our 59,000 employees in 600 offices across 30 countries provide underwriting, sales, trading and research for almost every financial instrument, as well as merger and acquisition advice, privatisation and financial restructuring, foreign exchange, commodities and real estate finance.
Financial report: Please visit our website for up-to-date information.
Headcount: Approximately 59,000 globally in over 30 countries
Graduates hires per annum: Over 200
Approximate graduate hires 2007: 200
Graduates recruited into: Consolidated equities; fixed income; investment banking; operations and finance; information technology.
Training offered: Analyst training at Morgan Stanley quickly makes you an effective professional. Training is a continuous process that includes classroom, small group and one-on-one training sessions. Each division runs its own structured training programme and though training varies among divisions, all take a detailed and comprehensive approach. Most training is on the job and in some areas includes rotations within your division.
Internship info: Morgan Stanley offers eight to 10-week summer internships designed to attract, develop and assess the kind of people we feel are likely to succeed at our firm. These programmes include training, seminars and social events designed to give interns a unique experience in the financial services industry and provide a summer that is enjoyable and intellectually rewarding.
Skills required: Morgan Stanley accepts applications from all degree types.
We are looking for candidates with a keen intellect, excellent communication skills, analytical aptitude and high dedication to their professional responsibilities.

Application deadline:
Full-time: 15 Nov 06
Summer internships: 17 Jan 07

MORLEY Fund Management

Contact name: Miss Gun Judge
Company address: No 1 Poultry, London EC2R 8EJ
Telephone: 020 7809 6000
Graduate website: www.morleyfm.com/graduates

Company snapshot: Morley Fund Management is a London-based asset management firm with more than £154bn in funds under management. We are the largest active asset manager in the UK.
Financial report: £154.96bn assets under management as at 31 May 2006.
Headcount: Morley employs in excess of 600 staff, including more than 200 dedicated investment managers, investment analysts and strategists.
Graduate Hires per annum: six to eight
Approximate fraduate hires 2007: five joined in September 2006
Graduates recruited into: Our graduate opportunities are in investment, sales and marketing, and property.
Training offered: We offer a 12-month structured training programme that will develop strong professional, technical and interpersonal skills through formal classroom-based training, combined with on-the-job experience. Work experience will be gained through a series of rotational placements. You will be expected to obtain the Investment Management Certificate during this time and start studying for the Chartered Financial Analyst qualification. You will also be allocated a mentor to provide added support and career guidance as you move through the organisation.
Internship info: Four to five summer placement positions into the Investment teams each year. Placements are for a minimum of two months at any time between June and September.
Skills required: A strong academic background with a minimum UCAS point score of 300 and a 2:1 degree in any discipline is important, but we are looking for much more. To succeed in this business, you also need drive and passion, to be innovative and demonstrate an entrepreneurial spirit, strong communication skills with the power to influence others, and show you are a well-rounded individual who could fit into our culture.

Application deadline:
Graduate programme: end Dec 06.
Internship: end Apr 07. For further information, please refer to our website.

RBC Capital Markets

Contact name: Christine Bangor-Jones
Company address: 71 Queen Victoria Street, London EC4V 4DE
Graduate website: www.rbccm.com/careers

Company snapshot: Every investment bank can promise challenge and responsibility to its graduates. The question is: How long might you have to wait for those doors of opportunity to open?
With RBC Capital Markets, they'll open very quickly. That's precisely because we're not the world's biggest investment bank. We're ranked in the global top 15, which means we're big enough to be a serious player in the financial markets, yet small enough to offer our people early responsibility. There are no waiting rooms, no hiding places. If you're good enough, we'll trust your ability to dig deep and deliver the goods. It's not unknown to have vice-president on your CV in the early stages of your career.
Financial report: Please refer to our website.
Headcount: In London, approximately 600; Royal Bank of Canada: over 60,000 globally
Graduates hires per annum: 12
Approximate graduate hires 2007: Up to 16
Graduates recruited into: Sales, trading, origination, structuring, project and infrastructure finance.
Training offered: Over a 17-week period, our graduate training programme will give you a broad overview of the capital markets business and experience in sales, trading, origination and structuring through the following: foreign exchange; treasury management; derivatives and commodities; liquid product sales and trading; structured products; origination and syndication; debt finance. The rotational concept has been proven as one of our strengths and is rated very highly by our graduates year after year. In addition, we offer on-the-job, e-learning and formal classroom-based training courses. You will also be required to complete your FSA regulatory exams within your first three months of joining.
Internship info: For summer internships, the deadline is 28 February 2007.
Skills required: We are not prescriptive about the subject of your degree, though we will be looking for at least a 2:1. Creativity, logic, interpersonal skills and inner drive also come into the equation. Any additional languages, especially European, are a real bonus.

Application deadline: Online: 19 Nov 06

ROTHSCHILD

Contact name: Graduate recruitment
Company address: New Court, St Swithin's Lane, London EC4P 4DU
Telephone: 020 7280 5000
Graduate website: www.rothschild.com

Company snapshot: Rothschild is a top-tier international investment bank with offices in over 30 cities worldwide, including London, Paris, Frankfurt, Milan, Madrid, New York, Toronto, Hong Kong, Sydney and Beijing. We provide objective relationship-based advice and services to our clients and work with them to achieve their strategic objectives and financial goals.
Financial report: N/A.
Headcount: Over 2,000 employees worldwide
Graduates hires per annum: 30 for the UK
Approximate graduate hires 2007: 30 for the UK
Graduates recruited into: Graduates are recruited into Investment Banking (M&A, DCM Advisory, Private Placements and Equity Capital Markets, the latter of which is conducted through our joint venture with ABN AMRO) and Banking.
Training offered: On joining, graduates complete a comprehensive four-month induction and training programme, which includes formal classroom training as well as rotations through our principal divisions.
Internship info: In the UK, we offer a 10-week internship programme during the summer in our investment banking and banking divisions. We also take long-term interns into our investment banking division. These posts are available all year round and run for periods of between three and six months.
For further details on the programmes available, please refer to our website at www.rothschild.com.
Skills required: Teamwork and excellence are at the heart of our culture and graduates will be expected to make a contribution from the start. Graduates are recruited from all degree disciplines. A high level of academic achievement is required, together with strong numeracy and excellent social and interpersonal skills.

Application deadline: Online application form via the website at www.rothschild.com. Please see website for closing dates.

RBS — The Royal Bank of Scotland

Company address: 280 Bishopsgate, London, EC2M 4RB
Graduate website: www.rbsmarkets.com

Company snapshot: The Royal Bank of Scotland is one of the leading global financial service providers. With over 136,000 employees, by market capitalisation, we are the third largest bank in Europe and the eighth largest globally. RBS serves more than 30 million customers worldwide and global banking and markets, and UK corporate banking together currently have relationships with 95% of the FTSE 100 and 85% of the top continental European companies. Already regarded as one of Europe's leading corporate banks, we are continuing to expand rapidly and aggressively.
Financial report: Profit before tax 2005, £8.25bn (16%); total income 2005, £25.6bn (14%)
Headcount: 136,000 worldwide
Graduate hires per annum: 115+
Approximate graduate hires 2007: 150+
Graduates recruited into: Global banking and markets, corporate and commercial, business support.
Training offered: We believe in recognising and rewarding talent, aggressively seeking out opportunities to fulfill your potential and meet your ambitions. You can expect exceptional product and on-the-job training to prepare you for immediate exposure, early responsibility and continuous development.
Internship Info: Unsure about whether a career in banking is for you? Our 10-week summer programme could provide the answer. After one week of intensive classroom- based training, you'll join one of our business areas, where you'll gain exposure to exciting live projects and hands-on work experience. Overall, you'll gain a unique insight into our working world and the skills, knowledge and understanding required to succeed in it.
Skills required: You will possess a good academic record and be expecting a degree in any discipline.

Application deadline: Please check the website for deadlines – www.rbsmarkets.com.

RWE

Contact name: Trading graduate recruitment
Company address: RWE Trading, Trigonos, Windmill Hill Business Park, Whitehill Way, Swindon SN5 6PB
Telephone: 01793 893373
Graduate website: www.rwetrading.com

Company snapshot: RWE Trading is a leading international energy trading company actively shaping the world's energy markets. Established in 2000, we are the RWE Group's central hub for all physical and derivative energy wholesale market transactions. We trade the range of global energy commodities – electricity, gas, coal, oil and environmental products.
Using our expertise from across the energy chain, we contribute to the optimisation of the asset-owning companies as well as manage the group's risk.
Financial report: Net revenue 2005: €9.64bn
Performance ebitda 2005: €477.4m
RORAC 2005: 86.6%
Headcount: 500 employees with trading floors in Essen, Swindon and London
Graduates hires per annum: 20
Approximate graduate hires 2007: 20 direct entry and 6 onto our talent pool programme.
Graduates recruited into: Every part of our value chain – from the proprietary trading of energy commodities, origination and asset management to the analytical functions of trading analysis, structuring and valuation, risk management and professional service functions.
Training offered: Direct entry recruits get real responsibility from day one in this dynamic environment. Training is on the job via the support of your manager and colleagues and you will agree personal career development targets on a regular basis. Talent pool entrants receive mentoring from a Board member and have external coaching. HR will also help you determine which areas of the business will give you the best exposure to develop your skills and personal profile
Internship Info: We offer between eight and 15 internships or placements each year – dependent on business need. Upon completion of your internship/placement, you have the opportunity to participate in an assessment centre, which could lead to an offer of employment.
Skills required: Typically you will have at least a 2:1 in a quantitative or commercial discipline. A powerful, creative thinker and flexible pragmatist, you will be cool under pressure and have exceptional commercial acumen.

Application deadline: None – applications are always welcome.

Schroders

Company address: 31 Gresham Street, London, EC2V 7QA
Telephone: 020 7658 6000
Graduate website: www.schroders.com/graduate

Company snapshot: Schroders is a global asset management company with £128.4bn ($223.2bn/€184.2bn) under management as at 31 March 2006. Our clients include corporations, insurance companies, local and public authorities, charities, pension funds, high net worth individuals and retail investors.
Our aim is to apply our specialist asset management skills in serving the needs of our clients worldwide and in delivering value to our shareholders. We have one of the largest networks of offices of any dedicated asset management company and offer a comprehensive range of products and services to our clients.
Financial report: See http://ir.schroders.com/schrodersplc/irhome/reports/
Headcount: Approximately 2,500
Graduate hires per annum: 12
Approximate graduate hires 2007: 15 to 20
Graduates recruited into: Investment, distribution, finance and IT.
Training offered: As part of your induction to Schroders, you will attend a nine-week training programme. This is one of the most comprehensive training programmes in the City of London. Once completed, you will have obtained both your IMC and the full range of investment skills you will need to make an immediate contribution to the business. Ongoing training will then be provided to further hone your skills in your chosen specialism.
The programme will give you an overview of the key asset classes available to investors including hedge funds, real estate, private equity and structured products. You will learn how to take a set of financial statements and use them to understand a company's performance, forecast a company's cashflow and thereby value either their equities or bonds. You will also experience, through a series of simulations, how investment markets work and how derivatives can be used to manage market uncertainty.
The learning experience will be placed in a real world context as you manage a notional investment portfolio throughout the period of the programme.
Internship info: Seven interns employed 2006.
Skills required: 2:1 degree in any discipline.

Application deadline: Oct 06

TFS Tradition Financial Services

Contact name: Human resources
Company address: East India House, 4th Fl, 109-117 Middlesex Street, London E1 7JF
Telephone: 020 7796 1000
Graduate website: www.tfsbrokers.com

Company snapshot: Founded in 1985, Tradition Financial Services (TFS) is a market leader in the brokering of financial and non-financial products. With offices worldwide, the company covers currency options, equity derivatives, freight, precious metals, energy, property derivatives, and pulp and paper markets. TFS Energy brokers a full spectrum of OTC energy and energy-related physical and derivative products, including electricity, natural gas, crude oil and refined coal, environmental products and weather derivatives, and exchange-traded futures and options. TFS is a subsidiary of Compagnie Financière Tradition (CFT), one of the world's top three interdealer brokers in financial and commodity-related products.
Financial report: Tradition Group's turnover in 2005 grew 10.9% to Chf 942.4m net profit.
Headcount: Approximately 200 employees in London, 400 globally
Graduates hires per annum: No fixed amount, average is four per year in London
Approximate graduate hires 2007: As above
Graduates recruited into: Could be in any of our London departments – equities, energy or currencies, depending on positions available.
Training offered: TFS runs broker training programmes in our New York and London offices, typically once a year. These programmes are aimed at applicants with little or no prior experience of broking, who are looking for an entry-level position. The programmes provide students with an insight into the day-to-day reality of broking, through both multi-product on-the-desk observation and formal tutorials, over a period of one or two months. Places are limited and there is no guarantee of employment on completion. However, at the end of the programme, permanent employment may be offered to a small number of the original entrants.
Skills required: Strong sales, numeracy, social, interpersonal and communication skills, with an ability to close deals. You would need to be a team player with a drive to succeed, as well as demonstrate an interest in financial markets and have an understanding of financial instruments.

Application deadline: Please refer to our website (www.tfsbrokers.com) and/or look out for our adverts on www.efinancialcareers.com (graduate section).

THOMSON

Contact Name: Recruitment Manager
Company Address: 1, Mark Square, Leonard Street, London, EC2A 4EG
Telephone: +44 (0) 20 7369 7000
Graduate Website: www.thomsoncareers.com

Company Snapshot: Thomson Financial is a US$1.9bn provider of integrated information and technology solutions to many of the world's biggest financial institutions. Thomson Financial helps clients in more than 70 countries make better decisions, be more productive and achieve superior results. Thomson Financial is part of The Thomson Corporation, with more than 40,000 employees in 45 countries. With revenues of US$8.5bn, the Thomson Corporation lists its common shares on the New York and Toronto stock exchanges (NYSE:TOC; TSX:TOC)
Headcount: Thomson Financial has more than 8,500 employees worldwide in 22 countries
Graduate Hires per annum: Please visit our website for current hiring requirements
Approximate Graduate Hires 2006/7: Please visit our website for current hiring requirements
Graduates recruited into: We have graduate opportunities available across most of our functions.
Training offered: Training programmes vary according to role, and will combine classroom, on-the-job training and access to an extensive range of e-learning programmes. You will have the opportunity to develop a number of key business and technical skills and broaden your existing personal attributes.
Internship Info: Interns are recruited as and when the business need arises. When positions become available they are advertised on the company website.
Skills required: We look for outstanding graduates with a minimum 2:1 degree and strong A level results with well-developed numeracy, communication and interpersonal skills. Fluency in English and a second European language along with a track record of relevant work experience.

Application deadline: Please check websites for dates.

UBS

Company address: 1 Finsbury Avenue, London, EC2M 2PP
Telephone: All queries through website
Graduate website: www.ubs.com/graduates

Company snapshot: It's what our employees do that makes UBS a leading global financial services firm. Your skills, ideas and ambition drive the achievement of our outstanding results, for our clients and our business, in asset management, commercial banking, investment banking and wealth management. Our 72,000 people in 50 countries share your commitment to excellence. We are one firm in many languages.
Headcount: 72,000 in 50 countries
Graduates hires per annum: 600 to 800 globally, 200 to 250 in Europe
Approximate graduate hires 2007: 600 to 800 globally, 200 to 250 in Europe
Graduates recruited into: Full-time graduate and summer internship programmes in equities, fixed income and foreign exchange cash collateral trading, global asset management, human resources, information technology, investment banking, operations, risk, financial control, global wealth management and business banking.
Training offered: At every stage of your UBS career, top-quality education and development resources support you in achieving your goals. Our world-class training captures your potential and helps you to hit the ground running. Programme flexibility enables you to create an individual education path that meets our shared objectives. Your responsibility increases with your achievements.
Internship info: We offer a 10-week summer internship programme for students in their penultimate year of study. Approximately 250 vacancies for the internship programme exist in our London offices.
Skills required: Your personality and intellect are more important than your academic discipline. We look for initiative, an open mind and client focus.

Application deadline:
Full-time London-based positions: 10 Nov 06
Summer internship: 2 Feb 07
Our Zurich offices recruit all year round.