

CAREER OPPORTUNITIES IN BANKING AND FINANCE

Description of the Field

Finance and banking offer many career opportunities for people who want to work in global financial markets and serves as a bridge between capital-raising entities and capital-producing investors. The globalization of banks, the integration of banking activities, and the growth of emerging markets are ongoing trends. Internationalization means greater exposure to interest rate movements, economic difficulties in developed and developing countries, erratic currency fluctuations, and stock and bond market volatility.

A career in banking and finance normally requires a solid background in business-related courses such as accounting, business finance, money and financial markets, statistics, and micro- and macro-economics. In addition, candidates should be able to understand financial statements and analyze a corporation's growth potential, profitability, industry niche, future projections, and perform a number of similar tasks. Demonstrable experience that includes economic analysis and an understanding of economic markets and financial trends is also valued by employers. For those without previous experience in finance, it may be difficult to enter the field of finance. The most recent recession has increased the competition in the financial sector. A summer internship at a bank can provide valuable experience that may help students enter the financial services industry.

The financial services industry is traditionally broken down into the following areas:

Asset Management - Asset management companies manage the money of their clients to achieve specific financial objectives within guidelines under which the investment pool is organized. The pool might take the form of a mutual fund, hedge fund, pension fund, or institutional fund, and could invest in a range of financial vehicles including equities, fixed-income securities, and derivative products. Graduates working within asset management firms can work as portfolio managers, buy-side and sell-side research analysts, and quantitative analysts.

Corporate Finance - Corporate finance covers a wide range of financial services, including corporate structure finance, mergers and acquisitions, initial public offerings (IPOs), private placements, and real estate finance. The mission of a corporate finance department is to help its clients form and develop sound financial strategies to meet their goals by serving as advisors and by raising or managing funds. Businesses may need to raise cash to buy another firm, expand manufacturing capacities, pay down debt, buy back their own stock, or possibly divest themselves of a division.

Investment Banking- Investment banking isn't one specific service or function. It is an umbrella term for a range of activities: underwriting, selling, and trading securities (stocks and bonds); providing financial advisory services, such as mergers and acquisition advice; and managing assets. Investment banks offer these services to companies, governments, nonprofit institutions, and individuals.

Hedge Funds - A hedge fund is a private investment fund that trades and invests in various assets, such as securities, commodities, currency, and derivatives on behalf of its clients, typically wealthy individuals. Many hedge fund employees have previous experience in the financial services industry, such as within the alternative investment arms of investment banks.

Private Equity - Private equity firms invest money into privately owned companies, and, at times, invest and hold ownership positions in publicly traded firms. The private equity career market is highly competitive and values previous experience in finance or business.

Sales and Trading - This group serves a variety of institutions, including pension plans, mutual funds, and insurance companies. In addition, many traders are dedicated to the firm's own "house account." The sales department's main responsibility is to maintain positive client relationships. Other key functions include the sale of existing securities in the firm's inventory and the distribution of the firm's initial public offering. Traders execute trades in equities, corporate and municipal bonds, derivatives, currencies, and commodities.

Public Finance - This department raises funds for the development of public projects. Investment banks help states and their agencies and authorities, municipalities, and counties to raise large capital through the issuance of federal tax-exempt securities. These bonds finance institutions, including but not limited to hospitals, airports, schools, mass transit systems, and power plants.

Venture Capital - Venture capital firms raise funds from institutional investors and high net worth individuals to invest in start-up firms in specific industries (internet, biotechnology, energy, etc.). Venture capital firms look to hire individuals with technological or industry expertise and experience working for a tech start-up company, or in business or finance.

Other - Corporate banking also includes the research departments where equity (stocks), fixed income (bonds), and other negotiable instruments are analyzed. Also, portfolio and money management often falls under the responsibility of the research department. The high yield group manages high-risk bond issues with high interest rates (normally above 10%). This group usually has its own set of specialized sales representatives and traders. In addition, private client services cater to individuals of high net worth and commercial banking typically caters to individuals and small to mid-size businesses.

Career Paths and Salary Structure

Internships are one of the most effective ways to gain the experience necessary to enter the field. Many banks offer a summer associate program, with recruiting for summer positions beginning in late fall. A summer associate position is often a requisite for those seeking full-time banking positions. Recruiting for full-time positions begins in early fall. Every job seeker in finance and banking should be aware of the risk factor in this sector. Jobs and job availability are subject to the unpredictable elements of the market. Hiring can be as fierce as the market, so patience and perseverance are necessary.

Any demonstrated experience which requires economic analysis, understanding of economic markets, or reacting to financial news or trends is of interest to potential employers. Networking, especially in more difficult financial periods, is essential for anyone interested in entering this competitive field. Contact alumni who are working with firms in which you have an interest and begin building your networking infrastructure.

Salaries at investment banks, even for nonprofessional staff, almost always consist of a base salary plus a fiscal year-end bonus. Bonuses are determined at the end of each year and are based on the performance of Wall Street, as well as the performances of your firm, department, and your personal contribution to them. Base salaries tend to be relatively moderate at the entry level and bonuses are discretionary. Your take-home pay from year to year can go through swings of more than 100 percent, especially as you attain

higher levels of seniority.

Demand

Opportunities in investment banking are not the same as they were a few years ago; competition has become fierce. The incomes of employees in these firms rise and fall with the global economic tides. This is a market driven by the economy and in downturns it becomes even more competitive to enter this lucrative field. Regarding opportunities in asset management, what is in demand is closely tied to a firm's strategy. The largest, generally New York-based, brokerage houses (sometimes called wirehouses) continue to recruit trainees for number-crunching analyst positions and more sales-oriented marketing and brokerage support jobs. With online and self-service brokerages, investors can self-direct their own investment strategy, but most are willing to pay qualified professionals to guide them. In addition, many brokerage houses have access to research and historical data that would take the average investor months to track down. No matter who actually places a buy or sell order, there will always be a need for securities traders who work behind the scenes, locating the buyers or sellers who are willing to accept the securities transactions their clients or brokers want to make. Expect to face rigorous competition for securities sales agent positions, where only the most experienced applicants will get the job.

Source: WetFeet Library Career & Industries Overview: Investment Banking, Asset Management, and Sales and Trading

Qualifications Necessary to Enter the Field

A bachelor's degree in finance, accounting, economics, mathematics/statistics, or business administration is the minimum academic background for financial managers. However, many employers increasingly seek graduates with a master's degree, preferably in business administration, economics, finance, international business, or risk management.

A solid background in business-related courses such as accounting, business finance, money and financial markets, statistics, micro- and macroeconomics is recommended. In addition, candidates should be able to analyze a corporation's growth potential, profitability, industry niche, future projections, etc. They must be able to read and understand annual reports, balance sheets, income statements, and cash flows.

Potential employers are interested in any demonstrated experience that requires economic analysis, valuation analysis, financial modeling, understanding of economic markets, or reaction to financial news or trends. An internship with a bank will improve your chances and grant you the necessary experience to attract recruiters. A solid framework of public policy, international trade, and both language and cultural fluency combined with business skills is an invaluable combination for entry into the financial industries.

Sample Employers

- Bank of America Merrill Lynch- [www.http://corp.bankofamerica.com/](http://corp.bankofamerica.com/)
- Barclays Capital - www.barcap.com
- Citi - www.citigroup.com/citi
- Credit Suisse - www.credit-suisse.com/us/en
- Deutsche Bank – www.db.com
- Goldman Sachs - www.gs.com
- Houlihan Lokey - www.hlhz.com
- J.P Morgan Chase & Co. - www.jpmorgan.com

- Lazard - www.lazard.com
- Macquarie Group- www.macquarie.com
- Morgan Stanley - www.morganstanley.com
- Nomura - www.nomura.com
- Societe General- www.societegenerale.com
- UBS- www.ubs.com

RESOURCES FOR ADDITIONAL INFORMATION

Internet Resources

- American Banker - www.americanbanker.com
- Business Week - www.businessweek.com
- Careers in Finance - www.careers-in-finance.com/ib.htm
- The Economist - www.economist.com
- eFinancialCareers- www.efinancialcareers.com The Financial Times- www.ft.com/home/uk
- Forbes - www.forbes.com
- Fortune - www.money.cnn.com/magazines/fortune
- Institutional Investor - www.institutionalinvestor.com
- Vault - www.vault.com
- Wall Street Journal Online Careers - www.careerjournal.com
- WetFeet – www.wetfeet.com

LinkedIn Groups

- Finance Club - www.linkedin.com/groups?home=&gid=2046019
- Finance and Accounting Professionals - www.linkedin.com/groups/Finance-Plus-Private-Equity-Venture-39259
- Financial Services Career Center - www.linkedin.com/groups/Financial-Services-Career-Center-838087
- Investment Banking Careers- www.linkedin.com/groups?gid=2445872
- Investment Banking professionals - www.linkedin.com/groups?gid=2162860
- Investment Banking JobWire - www.linkedin.com/groups?gid=3300518
- Investment Banking Business Analyst & Project Manager's - www.linkedin.com/groups?gid=3302875

Publications

*20 Top Financial Services Firms. Published by WetFeet Press.

*Beat the Street: Investment Banking Interviews. Published by WetFeet Press.

The Bond Buyer/Thomson Financial Yearbook. Published by Michael Stanton.

Business Week. Published by McGraw-Hill Companies.

*Careers in Asset Management and Retail Brokerage. Published by WetFeet Press.

*Careers in Investment Banking. Published by WetFeet Press.

*Careers in Real Estate. Published by WetFeet Press.

*Careers in Venture Capital. Published by WetFeet Press.

Directory of American Firms Operating in Foreign Countries. Published by Uniworld Business Publications.

Directory of Foreign Firms Operating in the United States. Published by Uniworld Business Publications.

The Economist. Published by The Economist Group, Inc.

Environmental Finance. Published by Fulton Publishing, Ltd.

**Finance Interviews. Published by Vault, Inc.*

**The Insider's Guide to Jobs in Venture Capital. Published by WetFeet Press.*

**Killer Investment Banking Resumes. Published by WetFeet Press.*

**Vault Guide to Advanced Finance and Quantitative Interviews. Published by Vault, Inc.*

**Vault Guide to Finance Interviews. Published by Vault, Inc.*

**Vault Guide to Hedge Fund Careers. Published by Vault, Inc.*

**Vault Guide to Investment Banking. Published by Vault, Inc.*

**Vault Guide to Investment Management. Published by Vault, Inc.*

**Vault Guide to Leveraged Finance. Published by Vault, Inc.*

**Vault Career Guide to Private Wealth Management. Published by Vault, Inc.*

**Vault Guide to Sales and Trading. Published by Vault, Inc.*

**Vault Guide to the Top 50 Banking Employers. Published by Vault, Inc.*

**Vault Guide to the Top 50 Finance Employers. Published by Vault, Inc.*

**Vault Guide to the Top Financial Services Employers. Published by Vault, Inc.*

**Vault Guide to the Top Private Equity Employers. Published by Vault, Inc.*

**Vault Guide to Venture Capital. Published by Vault, Inc.*

World Trade. Published by BNP Media.

**Vault and WetFeet resources can be accessed through the OCS website.*