So you want to work in... Investment Banking?

WHAT IS AN INVESTMENT BANK?

An investment bank is a firm which provides consulting, research, and financial services to governments and corporations. An investment bank may help these organizations in various ways, including raising capital by selling stock (underwriting the exchange of stock and funds), carrying out mergers and acquisitions and evaluating opportunities for infrastructure and financial investments (i.e. should my company open a plant in X country).

HOW IS AN INVESTMENT BANK DIFFERENT FROM A COMMERCIAL BANK?

Historically, the greatest difference was that investment banks did not take deposits from the public, offer loans, or ATM services. Recently many investment banks have entered the commercial market and vice-versa (i.e. Bank of America, Barclays). When investment banks offer commercial services, they keep their investment and commercial divisions strictly separate. Strictly commercial banks do not offer consulting services to help corporations use investment markets.

WHAT DOES A FIRST YEAR ANALYST DO?

Investment bankers typically start out their careers at the entry level in corporate finance as analysts. Analysts gather and organize financial data in order to create financial models and pitch books associated with any corporate finance deal. Long work weeks of 80 hours or more are fairly typical.

BULGE BRACKET VERSUS BOUTIQUE BANKS

Bulge bracket investment banks are the world’s largest and most profitable investment banks. They are also some of the most selective employers. These banks cover all industries and offer various types of investment banking services. The following investment banks are considered bulge bracket: J.P. Morgan, Goldman Sachs, Morgan Stanley, Bank of America Merrill Lynch, Barclays, Citigroup, Credit Suisse, Deutsche Bank, and UBS. Investment banks not considered bulge bracket are called boutique banks. Some specialize in particular industries while others specialize in one or more products.

Boutique investment banks do not offer the full complement of services offered by bulge bracket banks; instead, these banks specialize in some aspect of investment banking. The following investment banks are considered boutique: Allen & Company, Perella Weinberg Partners, Lazard, Rothschild, Evercore Partners, Greenhill & Co., Blackstone, Houlihan Lokey, Jefferies & Co., and Oppenheimer & Co.

INVESTMENT BANK ORGANIZATIONAL STRUCTURE

- **Front Office**: Generates revenue. Includes sales and trading, investment banking, private equity, and wealth management.
- **Middle Office**: Ensures company is not taking on too much risk in underwriting securities. Includes: Risk management and compliance
- **Back Office (Operations)**: Primarily focused on processing or support. Includes: accounting, IT, and HR.

**TOP 10 INVESTMENT BANKS OF 2015 (Vault*)**

1. Blackstone Group  
2. Goldman Sachs  
3. Morgan Stanley  
4. J.P. Morgan  
5. Centerview Partners  
6. Evercore  
7. Houlihan  
9. Parella Weinberg Partners  
10. Credit Suisse

*Ranking combines a bank’s overall prestige score with several factors from Vault’s “Best to Work For” ratings.

**INDUSTRY GROUPS**

1. Healthcare  
2. Energy  
3. Real Estate  
4. Consumer & Retail  
5. Aerospace & Defense  
6. Transportation & Infrastructure  
7. Technology, Media, & Telecommunications
GETTING HIRED

WHAT ARE INVESTMENT BANKS LOOKING FOR IN CANDIDATES?

- Financial modeling Experience
- Drive
- Knowledge of finance & accounting
- Strong GPA
- Strong Quantitative Skills
- Detail-oriented
- Experience using Bloomberg, FactSet or S&P Capital IQ
- Well-versed in Excel
- Prior internship in financial industry (when applying for 1st year analyst roles)

WHAT ARE THE PROS AND CONS OF WORKING IN INVESTMENT BANKING?

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<th>PROS</th>
<th>CONS</th>
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<tr>
<td>Work-hard-play-hard attitude</td>
<td>Generally long hours</td>
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<tr>
<td>Intelligent coworkers, team-based environment</td>
<td>Entry-level work can be tedious</td>
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<td>Strong training programs</td>
<td>High burn out rate</td>
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<tr>
<td>Good launch pad for future objectives</td>
<td>Conservative dress required</td>
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<td>Good pay and bonuses</td>
<td>Strenuous performance review cycle</td>
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WHAT IS THE APPLICATION PROCESS LIKE IN INVESTMENT BANKING?

- **Deadlines:** Investment banks generally recruit only once a year in August and September for full-time employment starting the following May. They generally recruit students for summer internships in the preceding winter, usually the November to January timeframe. If you are graduating in the next academic year and are interested in one of these industries - be ready to apply in the last week of August of your last year!

- **Process:** The interview process usually involves several rounds. The first round often takes place on campus or via a phone interview. The final interview stage, typically held in November is often called Super Saturday. Candidates who qualify for Super Saturday interviews are flown to the bank’s headquarters and should expect to be one of many candidates facing a day full of interviews with everyone from a managing director to an associate.

- **Behavioral Interviews:** In this portion of the process, you will likely be asked questions about why you want to work in finance and why that particular bank. Interviewers will access how you fit in with the organization’s culture. **Tip:** Do a SWOT analysis of yourself and research each company well. Be prepared to walk interviewers through your resume. Schedule a mock interview with a LACS Career Coach to practice: [http://goo.gl/h9UMNp](http://goo.gl/h9UMNp).

- **Technical Interviews:** Be prepared to answer questions about the market. Many banks will also require you to complete an aptitude test. **Tip:** Start by reading the Vault Guide to Finance Interviews

SO...WHAT CAN I DO TO BREAK INTO INVESTMENT BANKING?

1. **Explore and Research:** Research the finance industry and specific banks to find the areas and companies that interest you. You can start by exploring information about investment banking on Vault (BTT Gateway at [http://goo.gl/89Eeky](http://goo.gl/89Eeky) > External Links > Vault), including their Guide to Commercial and Investment Banking, IB Rankings, and Guide to Finance Interviews.

2. **Read:** Keep up-to-date on the latest news and trends. Read publications such as The Wall Street Journal, The Economist, The Financial Times, and Investment Dealers’ Digest. Follow Investment Banks on social media to stay current on what they post.

3. **Network:** The finance industry has always been a competitive field and networking is extremely important! You can start by talking with your career coach, friends, and family about your interest in a finance career. Attend information session and campus events. Connect with investment banking-related organizations, including the University Finance Association, Texas Undergraduate Investment Team and Texas Economics Association. Connect with UT alums and professionals on LinkedIn.

4. **Meet with a Career Coach:** Curious about how to create a strategic plan for a career in investment banking? Visit a Career Coach at Liberal Arts Career Services: [http://goo.gl/T2hXVg](http://goo.gl/T2hXVg).