

COLUMBIA UNIVERSITY

SCHOOL OF INTERNATIONAL AND PUBLIC AFFAIRS

Office of Career Services

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CAREER OPPORTUNITIES IN INVESTMENT BANKING

Description of the Field

Investment bankers serve as advisors to, and intermediaries between, the issuer of securities (corporations and governments) and the public and private investors. Whether you are interested in investment banking, commercial banking, or financial services, you will find that many of the same job functions and required skills are found in all the major sectors of the financial industry. As banks have grown, through mergers and internal expansion, their client base has expanded globally. Cross-border deals are commonplace and many of the barriers to entry and investment into markets continuously change to reflect current international economic realities.

The financial industry is traditionally broken into the following main areas:

- *Corporate Finance.* The areas that Corporate Finance covers are a wide range of financial services including Corporate Structure Finance, Mergers and Acquisitions, Initial Public Offerings (IPOs), Private Placements, and Real Estate Finance. A Corporate Finance department helps its clients form and develop sound financial strategies to meet their goals by serving as an advisor and by raising funds or deploying funds to investments. Businesses may need to raise funds to buy another firm, expand manufacturing capacities, pay down debt, or buy stock.
- *Sales and Trading.* This group serves institutions, such as pension plans, mutual funds, and insurance companies and may be in-house. The Sales department is responsible for maintaining positive client relationships, the sale of existing securities in the firm's inventory, and the distribution of the firm's initial public offerings. 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 requirements through the issuance of federal tax-exempt securities. These bonds finance hospitals, airports, schools, mass transit and power plants to name a few.
- *Research Department.* Those working in this area research and analyze equity (stocks), fixed income (bonds), and other negotiable instruments. Also, portfolio and money management is often the purview of the Research Department.
- *High Yield Group.* This 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.
- *Private Client Services.* This section of the Sales department caters to high net worth individuals.

Career Paths and Entry Salaries

Those with Master's degrees are generally hired as Financial Analysts or Financial Managers. The salary range for Financial Analysts is \$30,000-\$80,000, and the salary range for Financial Managers can reach beyond \$100,000 depending on prior experience.¹

Demand

In the last few years, demand for bankers has been high. The lines between commercial banks and investment banks have been substantially blurred and almost erased. Thus, firms have been expanding to offer multiple services to corporate and private individuals while trying to increase the number of services for clients. A related industry, financial services, has exploded in recent years with the popularity of mutual funds, corporate and individual retirement plans. Much of the fortunes of these firms rise and fall with the level of global economic prosperity.

Qualifications Necessary to Enter the Field

A bachelor's degree in finance, accounting, economics, or business administration is the minimum academic preparation for financial analysts. 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.

Any demonstrated experience that requires economic analysis, understanding of economic markets, or reaction to financial news or trends is of interest to potential employers. An internship with a bank or investment firm will improve your chances and grant you the necessary experience to attract recruiters. A framework of public policy, international trade, language and cultural fluency combined with business skills is an invaluable combination for entry into the financial industries.

Visit <http://www.careers-in-finance.com/cfskill.htm> for more information on the skills and talents relevant to this field.

To Obtain More Information

Keep abreast of financial trends and look for potential job opportunities in the following

<i>Bank Letter</i>	<i>Fortune</i>
<i>Business Week</i>	<i>Institutional Investor</i>
<i>Corporate Financial</i>	<i>The Economist</i>
<i>Forbes</i>	<i>The Wall Street Journal</i>

For Additional Guidance:

Harvard Business School Career Guide - Finance
Experience On Campus – <http://www.experienceonline.com>
Wet Feet Press – <http://www.wetfeet.com>
Thompson Bank Directory

¹ Accessed <http://www.careers-in-finance.com/cfsal.htm> on June 13, 2005.