

# Investment Banking

Global Education and Career Development Center ♦ 12-170 ♦ (617) 253-4733 ♦ <http://careers.mit.edu>

## Overview

Investment banking includes a wide variety of activities, including underwriting, selling, and trading securities, providing financial advisory services, and managing assets. Investment banks cater to a diverse group of stakeholders – companies, governments, non-profit institutions, and individuals – and help them raise funds on the capital market. They perform the following major functions for their customers:

- Serve as trading intermediaries for clients
- Lend and invest banks' assets
- Provide advice on mergers, acquisitions, and other financial transactions
- Research and develop opinions on securities, markets, and economies
- Issue, buy, sell, and trade stocks and bonds
- Manage investment portfolios

Investment banks once contrasted sharply with commercial banks, where people mainly deposited their money and sought commercial and retail loans. In recent years, though, the two types of structures have become increasingly similar; commercial banks now offer more investment banking services as they attempt to corner the market by presenting themselves as one-stop shops.

Investment banks do differ from brokerages and broker-dealers, though, even though those three entities are often thought of as one and the same. A brokerage firm takes a commission for assisting in the purchase and sale of stocks, bonds, and mutual funds. A broker-dealer executes similar functions, but it also trades for its own account; for instance, when you buy a stock, you can buy it through an exchange or the dealer's own account (and you'll pay the current market price no matter what the dealer paid for it). An investment bank actually is a broker-dealer that provides corporations with financial services, such as assistance with initial public offerings, merger and acquisitions advice, and strategic planning.

If you're interested in an investment banking career, get ready for a likely move to New York City, the world's hub of investment banking. There are a few other money centers around the world – Hong Kong, Tokyo, London, Moscow, and Singapore, to name a few – but as the industry consolidates the list grows smaller. Leading banks include Goldman Sachs, Morgan Stanley, Merrill Lynch, Lehman Brothers, Citigroup, Credit Suisse First Boston, and JPMorgan Chase. These investment banking firms, as well as smaller regional and boutique firms, regularly send recruiters to campus career centers.

## Experience, Education, and Skills

Investment banks hire creative communicators with strong analytical and interpersonal skills. And they want to be sure you enjoy the work itself, since long hours are common in this high-risk, high-reward job. An investment banking career is definitely a challenge – the salary may be impressive, but if the economy's in a slump, you may find yourself unemployed.

Undergraduates can break into the field through two-year analyst positions, which require dedication, teamwork, fluency with Excel spreadsheets, and mathematical ability. After their term is up, most analysts pursue MBAs or other professions. MBAs are considered for higher-paying associate slots, and international assignments are possible for those who desire them. Relatively few mid-career people come into the industry from other fields, but it is possible – especially if you can leverage a background in science or law.

### 2008 TOP 10 MOST PRESTIGIOUS INVESTMENT BANKING FIRMS

1. Goldman Sachs & Co.
2. The Blackstone Group
3. Morgan Stanley
4. Lehman Brothers
5. JPMorgan Investment Bank
6. Merrill Lynch
7. Citi Markets & Banking
8. Lazard
9. Credit Suisse Investment Banking Division
10. UBS Investment Bank

*For more information, visit [vault.com](http://vault.com).*

# Investment Banking Continued

## Job Search

The recruiting process is very formal and very competitive. It's difficult to get a job without industry experience, preferably gained through an internship, but networking can help immensely. The best way to get a job is through on-campus recruiting. Be sure to check the Career Development Center and CareerBridge postings frequently during the fall and spring recruiting seasons to optimize your chances. And if you land an interview, stress your quantitative and analytical abilities as well as your communication skills. Career Development Center staff members are available for individualized appointments, mock interviews, and advising throughout the recruitment process.

## Salary

- MIT Graduating Student Survey <http://web.mit.edu/career/www/infostats/graduation.html>
- Salary.com <http://www.salary.com>
- SalaryExpert.com <http://www.salaryexpert.com>
- Wall Street Journal's Career Journal <http://www.careerjournal.com/salaryhiring/>

## Exploration Resources

### Books

- *Bombardiers*, by Po Bronson. Random House, 1995.
- *Doing Deals: Investment Banks at Work*, by Robert G. Eccles and Dwight B. Crane. Harvard Business School Press, 1988.
- *Monkey Business: Swinging Through the Wall Street Jungle*, by John Rolfe and Peter Troob. Warner Books, 2000.
- *The Fast Track: The Insider's Guide to Winning Jobs in Management Consulting*,
- *Investment Banking, and Securities Trading*. Broadway, 1997.

### PROFESSIONAL ASSOCIATIONS

*American Bankers Association*

<http://www.aba.com/>

*American Finance Association*

<http://www.afajof.org/>

### Web sites

- Career Overview: Investment Banking <http://www.careeroverview.com/investment-banking-careers.html>
- Career Overview/Insider Guides: WetFeet <http://www.wetfeet.com/Careers-and-Industries/Careers/Investment-Banking.aspx>
- Investment Banking News <http://www.topix.net/business/investment-banking>
- Investment Banking Overview <http://www.careers-in-finance.com/ib.htm>
- Investment Company Institute <http://www.ici.org/>
- New York Stock Exchange <http://www.nyse.com/>
- Occupational Outlook Handbook <http://www.bls.gov/oco/cg/cgs027.htm>
- Vault.com: Investment Banking [http://www.vault.com/hubs/501/channelhome\\_501.jsp?ch\\_id=240](http://www.vault.com/hubs/501/channelhome_501.jsp?ch_id=240)

### MIT Resources

Alumni Association <http://alum.mit.edu/>

- *Good resource for networking with alumni and locating internship, externship, and job leads.*

Global Education and Career Development Center <http://web.mit.edu/career/www/>

Network of Sloan Undergraduate Women <http://web.mit.edu/nsuw/www/resources.html>

Sloan Undergraduate Management Association <http://web.mit.edu/suma/>