



Investment Banking

Investment banking involves in activities in the financial markets such raising capital for companies, assisting in acquisition and merger, and provides services as market making and the trading of derivatives, foreign exchange, commodities, and stocks.

Job examples

analyst, associate, broker, equity researcher, trader

Ever since the financial tsunami took place in 2008, investment banking has become a feared term because of its potential to create economical turmoil. But investment banking is integral to the economic systems of the developed world. Investment banking plays the crucial role of directing capital to companies with great ideas that mediates social and economic change. This is a sector of banking that will continue to grow and recruit talents.

Competencies

A wide range of competencies are valued in investment banking. As expertise involved in investment banking changes with levels in the trade, competency requirements change with every level too. Note that this is an areas an area of banking that is difficult to break into. Here are competencies and professional training that are required or for different levels/types of operations in the trade:

- **General**

In general, investment banking is demanding in analytic, social and communications skills. It may only suit those who are emotionally and physically resilient, and who are adaptive to the ups and downs of the financial market, and who have the stamina to work long hours. Hire and fire based on performance is common in investment banking especially if you are in positions of responsibility. By the same token this is also an area where hard work and accomplishments are noted and respected.

- **Entry level**

Extreme dedication to your work, good spreadsheet skills and analytic fluency are valued at this level. Most people start in investment banking in an analyst position. You move up to become an associate who are required of similar skills but who deal in greater volumes.

- **Mid career**
 - **Mathematics**

Good mathematical skills with appropriate training in areas such as stochastic calculus and differential equations, equipped with advanced finance courses in options pricing or bond valuation will help you to work for a research department in investment banking.
 - **Science**

A science background will help you to work on everything from derivatives algorithms to biotech banking. However, you need to learn to repackage and ‘sell’ yourself to the trade. Getting an MBA maybe the first step.
 - **Law**

Individuals with a law background can help draft securities, sell leasing business and advise clients on related matters. To gear up yourself for investment banking, you may have to equip yourself with an MBA with the training that would route you into specialties areas in investment banking that will use your knowledge in law.
 - **Accounting**

Having proper accounting training can land you into specialty areas in investment banking such as becoming a securities analyst. People with good accountings skills are always in the demand in investment banking and a CFA qualification will help you to get in the business. In order to become a corporate financial analyst, which a notch up this path, you might also want to consider getting the CMA (Certified Management Accountant) qualification.
 - **Trading**

In trading, one buys or sells financial instruments such as stocks and bonds for companies or individual investors. Many believe that good traders are multi-talented. One of these talents may be ‘bluffing’ hiding or masking one’s own intentions and unmasking those of others to get the best deal.
 - **Team management**

Leadership and management skills are called for to put together teams of individuals who are very often very gifted but at the same time difficult to work with. Good management skills that can adapt to these individual peculiarities can result in very high performances.
 - **Network**

The ability to develop a network of contacts through various business venues such as informational interviews, industry conferences, alumni functions is essential for business development in the investment sector in the long run.
 - **Communication and completion**

Your ability to communicate with clients and get deals done meeting the deadline is important at mid career. A good understanding of market trends, the political, macroeconomic environment, and how deals work is required to succeed at this level.