

INTRODUCTION

Welcome to the Inside Careers *Guide to Banking & Investments 2016/17*.

The aim of this guide is to deepen your understanding of careers in banking and investments. With the help of professionals working in the industry, we hope to expand your knowledge in every respect, from the variety of financial services to the lesser known roles in which you could specialise; from the UK's financial landscape beyond the City to the global hotspots in which you could develop your career; from working life at intern to senior level, and the corresponding pay packets at each step of the way.

Once you've taken in the panorama of possibilities, you can stake your claim within it. The Employer Directory at the back of this guide is the perfect place to start.

Best of luck! ●



INSIDE CAREERS
BANKING &
INVESTMENTS

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- **Job search:** search the latest graduate jobs, internships, placement opportunities and insight days.
- **Employer directory:** for easy access to recruiter information, case studies and Q&As.
- **Application deadlines calendar:** to keep track of those opportunities you can't afford to miss.
- **Employer events calendar:** to see all of the relevant upcoming open days, presentations and networking events happening near you.
- **Email alerts:** sign up to hear about new banking opportunities as well as the latest career tips and sector news.

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WHY WORK IN BANKING?

Whether you want projects that challenge you, the opportunity to travel or to quickly climb the ranks, a career in banking can provide it – as long as you can prove yourself capable.

First question – what is banking? The answer – probably not what you think.

Diversity of opportunity

As the financial hub of the world, the UK offers some of the most diverse and exciting jobs in banking. There is an array of opportunities available in any one of the numerous banks that are headquartered here. In addition to more conventional banking roles, economists, statisticians, IT professionals and government relations teams, for example, are some of the leading professionals within their field, all of whom are based right here in the UK.

Our banking industry employs around half a million people and, as banks are increasingly establishing presences in cities outside of London, there are opportunities right across the UK. Our latest research showed banking jobs in Leeds, Manchester and Edinburgh grew more than anywhere else in the UK.

There are particularly great opportunities for women, ethnic minorities and people from more disadvantaged backgrounds. Banks are

keen to find talent wherever it might be and fully appreciate the improved performance diverse teams generate.

As the UK continues to hold its position as the world's leading financial services sector, so too does the UK's financial technology sector, or 'fintech' as it's widely known. UK fintech has a workforce of over 60,000 employees – that's more than Singapore, Hong Kong and Australia combined, and last year generated £6.6 billion in revenue.

A global career

Banking is international in nature and there are many non-UK banks in the City of London and in Canary Wharf. These, together with banks that have branches or offices abroad, offer excellent opportunities for travelling and working in other countries. Competition for entrants at graduate level is intense though, with many of the bigger companies recruiting through internship programmes, so an early chat with the bank(s) of your choice will be essential. These are some of the best internship programmes around, particularly as they are

paid. Visit the Inside Careers website to learn a little more about different banks and their ethos, available jobs and entry requirements.

Fast progression

Banking is a fast-paced and exciting profession which, because of its international presence, now offers many different working hours. There are plenty of opportunities for career progression; staff members are encouraged to take responsibility and promotion is based on performance. A career in banking can lead to high responsibility roles more quickly than in many other professions.

Good salaries and great benefits

Although salaries can vary depending on the job, responsibility, performance and location, a career in banking offers competitive salaries and excellent benefits.

Apart from bank holidays, new staff can expect around 23 days' holiday a year. This will usually rise according to length of service and seniority to around 30 days. Where staff are required to work outside normal office hours they may be entitled to overtime pay and/or time off in lieu.

Where a more formal shift arrangement is in place, a shift allowance could form part of their pay. Managers' roles often include some out of hours work for which no extra payment is made, with the salary reflecting the additional hours worked.

Some management roles offer the choice of a car allowance or a company car even if regular travel doesn't form a major part of the job and private health insurance can sometimes be included in the overall remuneration package too. Larger banks often provide sports and social facilities for their staff and some even have their own sports ground.

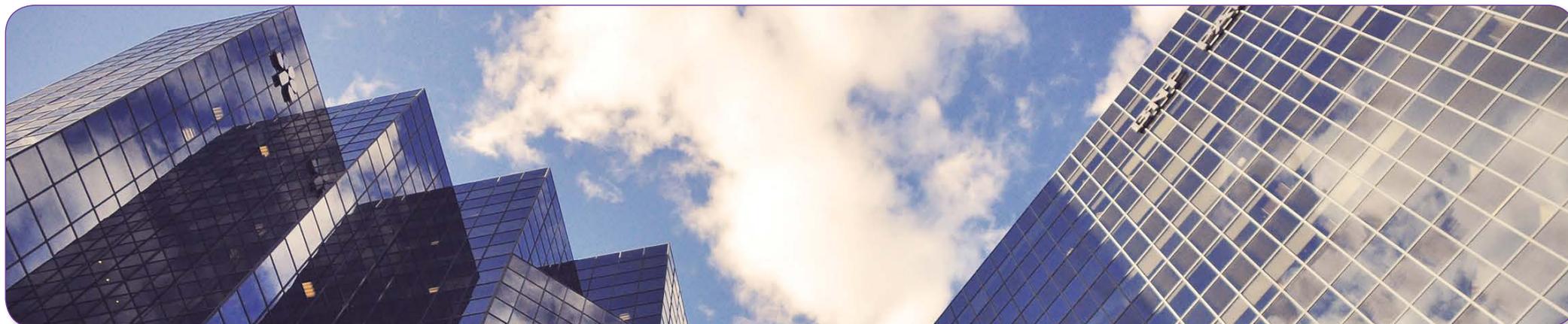
To read about banking salaries & benefits turn to p. 20.

Finally

Banking is a profession that offers a huge variety of opportunities as well as the possibility of early responsibility, rapid career progression and good pay and benefits. It's also a challenging profession that looks to its talented new workforce to help boost the economy and restore public faith in the industry. For those willing to accept the challenge, the rewards will be great. ●



Henrietta Royle, Chief Operating Officer, joined the BBA in October 2014. She is responsible for the internal management of the BBA and works closely with the Chief Executive on a range of special projects.



INVESTMENT BANKING IN A NUTSHELL

Investment banks are a particular type of financial institution that primarily work in 'higher finance', helping large organisations access the capital markets to raise money for expansion or other needs. Here, we will look at how an industry that is integral to the UK economy generates income, some of the risks involved and the various areas of graduate work.

What do investment banks do?

A typical investment bank will engage in some or all of the following activities:

- Raise equity capital (e.g. helping to launch an Initial Public Offering (IPO) or creating a special class of preferred stock that can be placed with refined investors such as insurance companies or banks).
- Raise debt capital (e.g. issuing bonds to raise money for large scale projects).
- Insure bonds or launch new products (e.g. credit default swaps).
- Provide expert corporate finance advice (e.g. deciding how much debt or equity might be needed, and on what terms to suit the needs of both the issuer and potential investors) and distribute new issues of securities with investors.

Two main areas of interest in investment banking for graduates are typically Mergers & Acquisitions (M&A) and Proprietary Trading.



MERGERS & ACQUISITIONS

M&A refers to the consolidation of multiple companies. A merger is a combination of two companies to form a new one. An acquisition is when one company buys another, but no new company is created.

PROPRIETARY TRADING

This refers to when a bank trades on its own account to generate in-house profit. This may involve taking analytical positions within limits which are carefully calculated and controlled in order to prevent exposing the bank to dangerous levels of risk. In recent years, the growth of this aspect of investment banking has led to increased risk-taking and in some cases substantial losses.

Having access to substantial amounts of capital is essential to help finance large-scale expansion or development; selling securities to a wide range of investors and, if necessary, across several markets in different countries

is an effective way to raise large amounts of capital, without any investors being left open to too much risk.

Investment bank structure THE 'BUY SIDE' AND 'SELL SIDE'

Investment banks are often divided into two departments: the 'buy side' and the 'sell side'. The 'buy side' works with pension funds, mutual funds and hedge funds and assists the investing institutions in maximising their returns when trading/investing in securities like stocks and bonds. The 'sell side' typically refers to selling shares of newly issued IPOs, placing new bond issues, engaging in market making services, or helping clients facilitate transactions. Market making consists of holding shares in order to enable trading – being in a position to both bid for and sell shares.

FRONT OFFICE

Many investment banks' activities are also organised into three categories – front office, middle office, or back office services. Front office investment bank services typically involve direct engagement with clients and market participants. Activities include M&A, Corporate Finance and Professional Investment Management for institutions or high net worth individuals, Professional Analysis of companies and markets and Investment Strategy Formulation.

MIDDLE OFFICE

Middle office investment bank services include specialist activities like treasury, compliance with government regulations and restrictions for professional clients as well as risk management. They also include Capital Flow – monitoring the money coming in and out of the firm; which determines the amount of capital the company needs to keep available so that it doesn't get into financial difficulty. This feeds back into the front office activities by deciding the scale of what they can do.

BACK OFFICE

Back office investment bank services include the operational activities that enable banks to operate efficiently. They handle things like trade confirmations, ensuring that the correct securities are bought, sold and settled for the correct amounts. They are also responsible for

the software and technology platforms that allow the traders to do their job; making sure that they are the latest models and functional as well as creating new trading algorithms and more.

For more information on technology in finance go to p. 12.

The future for graduates

Investment banks are often global, well-known brands such as Bank of America Merrill Lynch, Barclays, BNP Paribas, Deutsche Bank, Goldman Sachs and UBS. Responsible for raising and transacting huge sums of money around the world, investment banking can generate substantial consequences, both positive and negative, and therefore has been seen as both the most attractive and the most destructive area within the financial services industry.

Investment banking is constantly under scrutiny in the press, often garnering negative coverage. The people that tend to succeed in investment banking are cool under pressure, resourceful, innovative and able to keep a level head in intense situations.

As Europe's largest international banking centre, roughly half of European investment banking activity is conducted in London. Participants play a key role in the business world and the financial rewards for those who are successful can be considerable as it is one of the best paid areas in finance, but the competition and pressures of work combined with long hours can be strenuous. Job satisfaction and security can be affected by the state of the market with cycles of boom and bust. It is essential that those who work in this sector remain aware of economic trends, market conditions and risk management.

Constantly in a state of flux, the future growth and expansion of the investment banking industry will bring with it a wealth of exciting opportunities and possibilities for the right graduate. ●

AN INTRODUCTION TO FINANCIAL PLANNING, ADVICE & WEALTH MANAGEMENT

According to the House of Commons Library, household debt as a percentage of gross disposable income was 143% in the final quarter of 2015. With more people living longer without having planned for their future, financial planning should be an essential part of everyone's toolkit.

What is financial planning?

Financial Advice, Financial Planning and Wealth Management have a shared aim – securing the financial future of a client, whether 'the client' is one person, a couple or a business.

Financial planning is all about people. This is one of the particularly rewarding aspects of the sector. The best financial planners work with their clients over decades to plan and secure a financial legacy for the client and their family. In doing so, they become good friends as well as trusted advisers.

A client's financial planning needs will change over time to reflect and prepare for lifestyle – travelling, having children, marrying, inheriting money and perhaps buying a property in the earlier years; in later years, pension planning, paying off a mortgage, transferring wealth to children and maybe even travelling again at retirement. A client's financial plan will change in harmony with the planned events, and can also respond to unexpected situations from lottery wins to illnesses.

A career in financial planning is hugely rewarding, in every sense of the word. Helping people plan and achieve their life goals over many decades, using a range of financial products, offers tremendous satisfaction as well as great career and earnings potential. It delivers incredible client variety and the flexibility to work for a small or large organisation anywhere in the country. For many, it is the ability to deal directly with people and create success that offers most satisfaction.



However, as the introduction shows, the UK does not currently enjoy a strong record of personal financial capability. The current level of personal debt stands in excess of £1.6 trillion, or more than £45,000 per taxpayer. While not all debt is bad (think mortgages), many people struggle to get on top of their finances – even those who have considerable wealth can be asset-rich and time-poor and need to receive high-quality advice. This is just one example of where a financial planner plays an important role.

Where can I work?

Some financial planners work with clients in a particular region; others specialise in sectors. For example, there are companies based in and around Aberdeen that work exclusively with those in the oil sector. Equally, there are companies that specialise in advising footballers and other sportspeople about the challenges of their job (short career, limited transferable skills, limited financial capability). Naturally, many companies have professional clients such as CEOs, lawyers, accountants and directors.

The sector has many small to medium-sized enterprises (SMEs) as well as some well-known larger companies such as Hargreaves Lansdown, Killik and St James's Place which have billions of pounds of assets under management.

Roles in financial planning

The most common entry point in a financial planning company is as an Administrator – even as a graduate. This role gives you the tools to understand how the business is structured and offers access to everyone in the business so you can build your relationships and product knowledge.

The next step for many is the role of Paraplanner. A Paraplanner is an office-based professional who researches the financial markets to find the best products for a client, based on their meeting with a client-facing financial planner. For those who particularly enjoy working with data, a career in paraplanning is becoming more common; indeed, some businesses outsource this part of their work to specialist companies such as Para-Sols.

Paraplanners take a professional qualification that proves their technical knowledge, as well as giving them the ability to progress to a client-facing role should they wish.

Being a client-facing financial planner is the aim of many who enter the sector. Meeting the client, understanding their needs and appetite for financial risk, as well as seeing the results of advice given over many years, is extremely satisfying. Financial planners must hold at least a Level 4 qualification such as the CII's Diploma in Regulated Financial Planning.

Further professional development

Increasingly advisers (and indeed some paraplanners) are taking higher-level professional qualifications and seeking Chartered status. Strong links exist between accountancy, law and financial planning and that link with Chartered professionals offers a compelling reason to work towards this. For those who want to specialise at an academic level after completing professional qualifications, there are also postgraduate degrees in financial planning and wealth management from Cass Business School in London, or Manchester Metropolitan University.

The sector has, by its own admission, an older workforce than it would like. There are many financial planners looking to pass their business on to a qualified successor, rather than sell it to another business. As such, now is an excellent time to consider the sector as it is more outward-facing in its recruitment than it has been for decades.

Exemptions and credits

While nearly every graduate must complete the licence to practise qualification in full, CII credits are available to those holding a degree in the following disciplines:

- Accounting
- Actuarial Science
- Business
- Economics
- Finance
- Law
- Management
- Mathematics
- Statistics.

However, the sector is open to graduates from any discipline. While it is important to be comfortable working with numbers, it is just as important (some companies would argue more important) to have strong communication skills – particularly if you aim to be a client-facing financial planner.

For more information on graduate schemes go to p. 30.

Networking

Finally, in a people profession, networking is an essential part of business. Whether using your LinkedIn profile to connect with practitioners, or going in person to CII member-only networking events, it is never too early to make connections – and give yourself more visibility with recruiters. ●



Caspar Bartington is the CII's Relationship Manager for Education.