

MODULE

Careers In Finance

This module helps students examine various careers in financial services and appreciate their role within the industry.

We discuss potential career paths and relevant skills to thrive in interviews, internships, and students' future careers, contextualized with the foundational knowledge in previous modules.

POWERED BY



★ Key Takeaways From This Module



Guiding Questions

- What types of jobs are there in financial services?
- How can I prepare myself for a career in finance?
- What subjects & classes are relevant for investors & finance professionals?
- Where should I look for internships?
- What steps should I take to secure an internship at a financial firm?



Enduring Understandings

- The universal value of networking
- How the Buy & Sell sides of finance are interconnected
- Career paths in financial services span far beyond buying & selling stock.
- Technology is disrupting financial services which poses both a threat & opportunity.
- Gaining experience is crucial.
- Remain transparent, inquisitive detail oriented & motivated in order to thrive in financial services.



Understanding The Financial Industry

The financial sector is part of the economy that is made up of firms and institutions which provide various financial services to both commercial and retail customers. Within this sector there are a lot of different industries, including banks, investment companies, insurance companies, and real estate firms.

This industry is one of the key factors in an economy's health. If the financial sector is strong then the economy is typically strong. The opposite is also true.

Many people think the financial sector is just Wall Street and the various exchanges that operate on it, however, that is not all of it by any means. The financial sector is made up of brokers, financial institutions, and money markets. These all provide the necessary services to keep Main Street functioning.

This sector is responsible for a lot of the growth within the economy. They advance loans for business to allow them to grow, give mortgage loans to homeowners, and create insurance policies to protect people and their property. They are also responsible for building people's wealth for retirement.





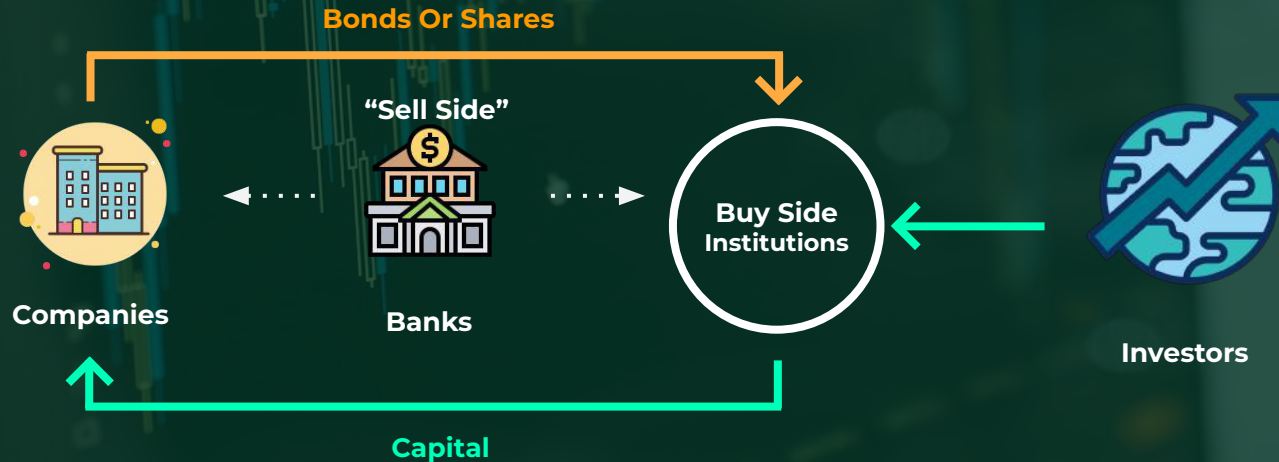
Buy & Sell Side of Financial Services

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Buy Side: Refers to firms that purchase securities and includes investment manager

Sell Side: Refers to firms that issue, sell, or trade securities and have more opportunities for aspiring analysts than Buy-side usually have.





The Industry Career Path

The financial service industry has a multitude of positions that cater to all different types of people with different skills and interests. This includes sub-industries that have unique opportunities in whatever field you are interested in.

The possibilities in the financial sector are so plentiful that with the proper research you can find a job that is compatible with your skill set and interests.

Even if you have always thought that finance requires you to be good with math, we promise there's entire departments that don't even handle the bank's money!

Check it out...





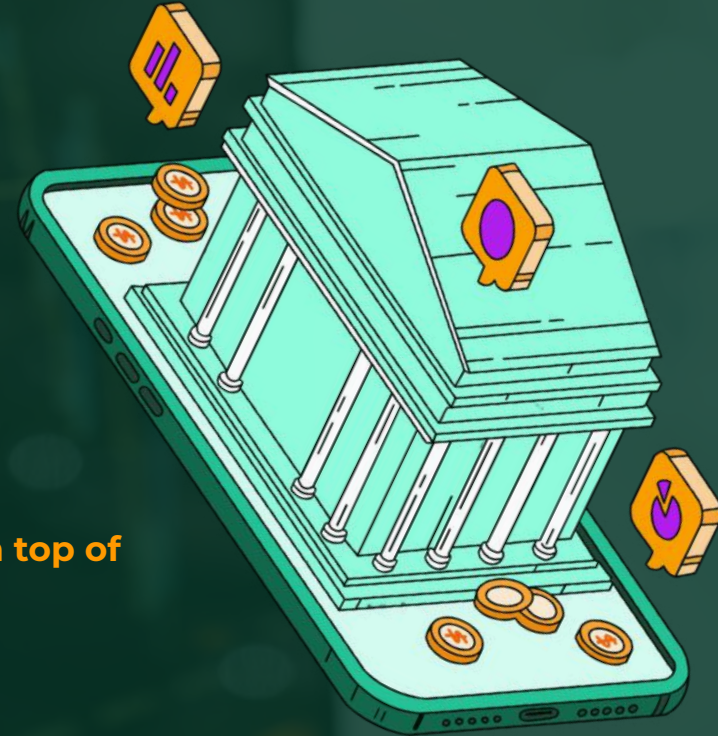
How Technology Is Disrupting Careers

Financial technology used to be the back-office support function for bankers and traders.

However, recently this sector has become a hot topic. Over the last few years **blockchain, robo-advisors, chat bots, and plenty of other digital finance solutions** have entered the market.

Companies have been converting as much as possible to technology to reduce labor costs and optimize work processes. Technology is such an integral part of the new workplace that **nearly 50%** of JP Morgan's new hires are familiar with computer science and programming.

If you're looking to get into the industry, it is crucial to stay on top of such trends.





So What **Careers** **Are Out There...?**

Financial Planners



Financial planners are one of the out-facing positions in the financial services industry and help people develop plans that help ensure that their clients have financial stability now and in the future.

To accomplish this they create plans with these goals:



Maintain Wealth



Create Wealth



Estate/Tax Planning

Types of firms:

Typically as a financial planner there are lots of different types of companies you can work at. They usually fall into two groups, either large and nationwide or small and local. They also usually charge in one of two ways, which include a flat fee or a percentage commission of the assets they are managing.

Designations:

Usually financial planners who receive a Certified Financial Planner designation are the most sought after due to extensive training. If you plan on going down this route it requires 6,000 hours of financial planning experience and you must pass several exams including two 10 hour case study exams.

Insurance Sales & Brokers



Working in insurance involves helping businesses and individuals protect against and anticipate potential risks. Most of the times if you are working in insurance you would be working at a large company due to them having to provide the protection their clients need.

There are plenty of different roles in this sector but the main four are:

Insurance Broker: Consists of helping clients find the best insurance policy for that client. They represent the customer not the insurance company.

Customer Service Agent: These are the individuals who work directly with clients to provide them the service they need.

Insurance Agent: Works for the insurance company and completes the deals that the brokers make for the customers. They can bind coverage on behalf of the insurer.

Actuary: These individuals compute various risks and premium rates based on the probabilities of the risks they calculated.





Public Accounting

Public accounting is a very broad field with plenty of opportunities to do different types of work. As a CPA you would help individuals and business keep proper books through the Generally Accepted Accounting Principles (GAAP). You would record business transactions, prepare and audit financial statements, prepare income tax returns and provide additional consulting services.

Typical CPA Work:



**Record
Business
Transactions**



**Prepare & Audit
Financial
Statements**



**Prepare
Income Tax
Returns**



**Provide
Consulting
Services**

Public Accounting Firms:

Typically accountants work in partnerships, with the largest being known as the Big Four. These include Deloitte Touche Tohmatsu, PricewaterhouseCoopers (PwC), Ernst & Young, and KPMG. However, there are also plenty of smaller firms you could work at if the Big Four is not your cup of tea. Usually new hires begin their work as a staff accountant then advance to audit manager, then a tax manager, and finally if they stay with the firm long enough and work hard enough they can become a partner.



Commercial Banking

Commercial banks can be large entities or local companies that offer a variety of different financial services, including checkings/savings accounts, individual retirement accounts (IRAs), loans, and much more. These banks are a bedrock to how individuals interact with financial markets because they provide individuals with a place to save and borrow money.

To run such a vast enterprise is incredibly complex, which means there are tons of positions in commercial banking that range from marketing to quantitative analysts helping set rates for mortgages. The main positions available to you at a bank include being: a loan officer, a bank teller, in operations, in marketing, or a branch manager.



Loan Officer



Bank Teller



Manager



Operations



Marketing

Advancement Opportunities:

If you are talented and do a good job, you could be promoted to a position in your bank's corporate headquarters, where you would be exposed to new areas in commercial banking like international finance.



Investment Banking

Many people immediately correlate finance with investment banking. This is because it is one of the more “glamorous” careers in finance. **Jobs in investment banking are some of the most intense and sought after positions in the industry.**

Investment bankers **create new issuances of corporate securities and bring them to the market so that individual investors are able to buy them.** Investment banks also trade securities and provide financial advice to wealthy individuals and corporations.

Investment banks are comprised of various divisions and groups that all have different responsibilities and objectives. **If you work at an investment bank, the division/role you’re in will determine your experience.**

Some Prominent Investment Banks:



Working with issuers of securities and mergers & acquisitions professionals



Working on the trading desk trading stocks, bonds and other securities in the secondary market



Work as a qualitative analyst, requiring you to do in-depth research on the stocks, bonds and other securities traded



Hedge Funds vs. Private Equity

Hedge Funds:

Hedge funds are another one of the glamorous jobs in the finance industry because there is a lot of mystery that surrounds hedge funds. This is due to them being largely unregulated private investment funds whose managers trade a wide array of different assets and financial products.

Jobs Available in Hedge Funds:

- Financial analyst
- Trader
- Compliance officer
- Quantitative analyst
- Marketing Manager
- Portfolio Manager

Private Equity:

Private equity firms on the other hand help businesses find capital for expansion and/or current operations. They also are known to provide financing for different corporate business transactions such as managed buyouts and restructurings.

Work in a Private Equity Firm:

If you were working at a private equity firm your job role may involve working as an interim CEO at a struggling company to help it get back on its feet. You could be working in real estate private equity and helping support sales and purchases of property.

One of the most popular forms of private equity is a leveraged buyouts. In a leveraged buyout, a private equity firms borrows a large amount of capital to purchase a cash-flow positive business. They then use the business's income to pay down the debt.

The main difference is that private equity firms are helping businesses with their transactions or their direction, while hedge funds are managing money for individuals or corporations.

Venture Capital



Venture capital professionals focus on startups or small companies with the potential to achieve rapid growth. Typically venture capitalists evaluate pitches from founders and determine whether or not to invest.

When a venture capital firm invests in a company, they can structure the deal in several ways. However, nearly every deal has one common aspect: equity. Venture capital firms want a piece of the business invest in.

Deals usually favor the VC firm and not the company receiving the funding, because the VCs take on the risk of not getting their money back.

Venture Capital Goal:

VC firms invest in startups with the goal that they will go public one day and trade shares on the market. This allows the VC firm to cash out of the company they invested in by selling their shares. This business has high failure rates, but the rewards can be significant.





Crypto & Blockchain

Blockchain and cryptocurrencies have gained enormous popularity in the past few years, as cryptocurrencies such as Bitcoin and Ethereum have seen a massive increase in demand, leading to surges in prices.

But what exactly is cryptocurrency?

The byproduct of a blockchain verifying transactions by miners who solve complex equations to strengthen the blockchain are crypto coins, which are **a digital asset designed to work as a medium of exchange wherein individual coin ownership records are stored in a ledger on the blockchain.**



Database

Stores data in blocks which are chained together chronologically.



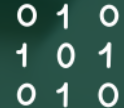
Decentralized

All users collectively retain control as the blockchain verifies itself.



Transaction Ledger

Helps verify transactions between 2 parties without need for a counterparty.



Immutable

Data on the blockchain is irreversible, so all transactions are permanently recorded.



Secure

Blockchains are unbreakable so there are no security concerns.



Self-Verifying

Each transaction helps to strengthen the chain & increase the security.



Chronological

Each transaction on a blockchain comes after every single one before it.



Digital

Cryptocurrencies have no physical form, they exist only in digital wallets.



How Can Someone Get Started?

The financial industry is massive and relevant in every industry because no matter what companies do, they all require money. **We all rely heavily upon the financial industry.**

The best way to get into the finance industry is to jump right in and go for it. Try to learn as much as possible from every source you can about finance and put in the work. It will require a ton of effort but in the end you will be lined up for a career in finance.



Get Started. Gain Experience.



Getting an internship in Finance can be a really daunting task as it can seem incredibly hard to enter. However, there are a few tips that will **help you succeed in finding the right internship.**

1. Be Proactive

Always try to be learning about the industry and keeping up with the news. Spend time researching internship opportunities and if you don't find any reach out to firms near you and tell them you are interested in joining the industry and offer your services.

2. Be Aware of Yourself

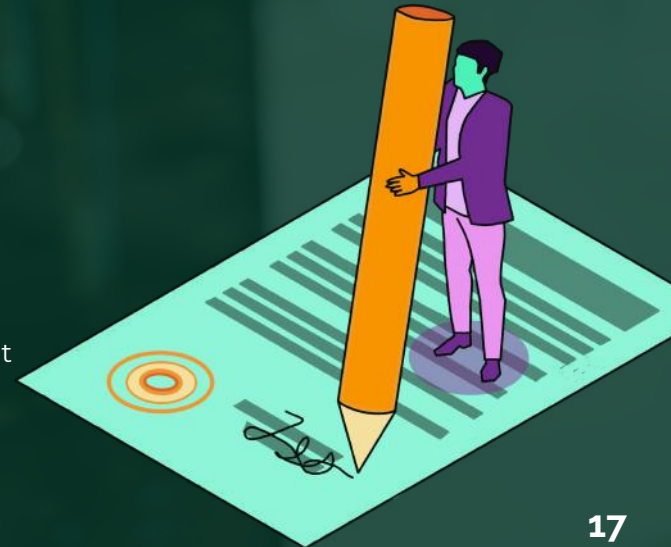
Understand what skills you have and what interests you. Be able to explain why a firm should hire you for the next 3-6 months. This will help you decide what you want and prepare you for interviews.

3. Make Time

Most people look for internships during the summer due to free time. However, interning during the school year can allow you to get better positions and longer internships.

4. Try New Things

Try to look for multiple different types of internships. These are experiences for you to learn what you like and don't like. Be willing to try new things and see what you like.



Learn Data Science & Excel



Increase your Attractability To Employers:

Two of the most important skills to learn right now are data science skills and Excel skills. As the finance industry starts to become more dependent on software and data these skills are crucial to have. Many companies hire people who have data science skills, even if their finance experience is limited.

Learn Excel To Excel in your Future:

One of the best skills to learn is how to use excel properly because every aspect of finance requires its use. If you are a pro at Excel you will be the star of your team and will have a much easier time completing your work than others.

Understand “Why?” For Some Of The World’s Largest Problems:

Making big data work for you provides insight into some of the most complex problems which businesses face. Did you know that UPS reduced costs by over \$100 million per year (and helped the environment) when a data scientist found that their drivers should never wait to take a left turn? Or that Amazon charges people \$0.01 more for products they’re more likely to purchase? That’s all thanks to data scientists!



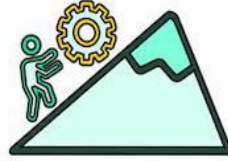


Values They Look For In Finance



Accountability

Be responsible and able to hold yourself accountable for your actions.



Grit

Be willing to put in extra hours and work late nights. That comes with the job.



Initiative

Take charge, run a project, or do something before it is needed to help out.



Transparency

Remain open with your coworkers in order to collaborate as a team.



Quality

Produce quality work that is detail-oriented and exceeds expectations.



Respect

Have respect for yourself, your work, and the work product of the company.



Learning Pays Dividends

The best way to get into the financial service industry is to dive right into it and learn as much as possible, because you never know when an opportunity may arise or what industry you need to have an expertise in, in order to take advantage of a situation.

STEP 1

The first step is to read up on financial topics. All libraries and bookstores will have books on finance and should have something that interests you. One of the best beginning books to read to learn the basics is *The richest man in Babylon*. Also the "...for Dummies" series are great learning tools with one of the best being *Managing your Money for Dummies*.

STEP 2

The second step would be to take some form of finance course online. These are great to give you a better understanding of the concepts you learned from your reading.

STEP 3

The third step would be to hit the books again and dive into concepts that interest you and try to get a better understanding of it and the quirks to that specific concept.

STEP 4

The fourth step would be to start talking to financial professionals and get a better understanding of what job would best fit your interest and skills.



Key Takeaways From This Module



CORE & FUNDAMENTALS

- Try out as many opportunities as you have time for to gain experience,
- Data Science and Excel training classes are integral to preparing for a career in finance.
- Use your network and sites like LinkedIn to find internships.
- There is a wide breadth of jobs in finance.

APPLIED KNOWLEDGE

- The Buy & Sell sides of finance are interconnected
- Career paths in financial services span far beyond buying & selling stock.
- Technology is disrupting financial services which poses both a threat & opportunity.
- Gaining industry experience is crucial.

RELEVANCE FOR YOU

- Remain transparent, inquisitive, detail oriented & motivated in order to thrive in financial services.
- There are a ton of job opportunities in financial services that go beyond the traditional jobs depicted in the movies.
- Stay proactive and use time over the summer to work in internships & develop job experience.

