

How to answer Why investment banking?

Investment Banking › Interview Preparation



For students and graduates, besides the technical questions, CVs, questions and brainteasers, this is a question you WILL get during asked at interviews: "Why investment banking?"

There is no engineered answer for this, but, based on our experience of interviewing candidates, the best answers are:

1) The learning curve in investment banking is very steep and you want to learn a lot and take on new challenges

Investment Banking is a challenging career and you will indeed learn a lot through the experience. You will learn about finance and acquire strong technical skills, such as financial modelling and accounting, but you will also learn about how to manage others and how to work in teams. Also, and this is one of the most important skill for an investment banker, you will learn how to remain calm, focuses and efficient under very high pressure.

2) You are eager to learn. You believe that working surrounded by smart and talented people by be beneficial and help you learn even faster.

Investment banks attract top candidates from the best schools all over the world. This means that your peers will be smart, highly ambitious, and from very diverse backgrounds. This means that you will be able to learn a lot from them, which will make the experience very valuable.

3) You were always interested in corporate finance and financial markets, as illustrated by your hobbies, studies, club memberships, etc.

Several candidates do have a genuine passion for finance and investment banking. Some of them are very knowledgeable about current events, specific deals, and have been very active in finance or banking clubs and events during school. If this is your case, make sure to stress this.

4) You will enjoy working in investment banking because M&A transactions affect whole

industries, and you will have the opportunity to make a real impact. Many bankers love their jobs because they have a visible impact on society and industries. As an investment banker, you will work on multi-billion dollar IPOs, mergers of some of the largest companies in the world, or merge companies in different countries. Closing a deal is a very rewarding and satisfying experience, especially when it makes the news on TV or the first page on the Financial Times. This sense of power and accomplishment is a big motivation factor for

many bankers.

Things not to mention:

- The taboo topic: "because I want to make money"!

- Because you think it is "interesting". Bankers are number-driven people, therefore you cannot be vague or imprecise. You will need to substantiate with hard facts why you think it is interesting.

Nevertheless the answers above are just "valid" ones. While they won't take any points away from you during an interview, they won't help you score points either. Investment Banking is competitive, so you'd better come with a great answer if you want that spot at the top investment banks. My on the topic is that you should add a personal touch by using a personal "story". However, you will need to be very honest, because interviewers will see right through a fabricated answer. Here are some good "stories" that I we have heard while interviewing candidates, and may apply to you also:

Your friend, family member or alumnus, who works in an investment bank, inspired you.

Bankers like to hear about this, because it means that you have a "real view" about the industry, and it also means that you have a good network. On a separate note, don't lie, because they will ask you which person and in which bank this person works, and may well check to see if you're making it up or not. The investment banking world is a very, very small world.

You won or took part in a stock-picking competition, or an M&A competition or event, and you really enjoyed it.

This is good because it shows your interest, but it also shows that you are competitive. Bankers like competitive personalities. Again, don't make this up, as many bankers like to check. I personally would call people and do an extensive Google search on applicants' CVs to verify most facts. It is fine if you didn't win, but at least make sure that you know the subject of the competition very well, because they'll definitely quiz you on this. Therefore, know what you did and what were your strategies.

You read a news item about an intense takeover battle and you found it exciting; this stirred your interest towards investment banking

This is good because it shows passion and interest for the job, and also shows that you made some research and have good finance knowledge. But make sure you know the transaction in every detail, and be prepared for questions such as, "Did the company pay in equity or cash? How much did they pay in total? Do you think the transaction makes sense?"

You did an internship in finance and loved it

It is good to highlight any prior experience in finance, even if it is not directly related to investment banking. What you need to show is that you like dealing with a lot of numbers. Be ready to explain what you did and liked about your experience, and explain your activities in detail.

>> A few words of caution here. First, make sure you did your research and know your "passion areas" very well, otherwise you will lose all your credibility. Also, be very careful on the use of the word "learn". Wanting to learn is great, but don't leave the impression that they will have to teach you everything! If you mention that you want to learn too often, they will tell you to go study a

PhD or go back to university. I would rather emphasise the challenge than the learning aspect, or a combination of both. Finally, make sure your story is short, concise, right to the point, and sounds genuine. Bankers are well-known to have a short attention span.

To conclude, the key words here are: prepare well and be truthful. Do not EVER lie. If you don't know or can't answer, just say it. It is fine and doesn't mean all hope is lost. Also, I want to emphasise again that you should NEVER talk about money. If you are asked whether you are interested in money, just mention that the challenge and learning opportunities are the most important aspects to you, but you also like to be rewarded for good work.

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