

Investment Banking: London vs. New York

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London and New York have long been and still remain the financial capital cities of the world. For many Europeans and others outside the US, New York always sounds like an attractive destination to learn Investment Banking from the best and have a "US experience" on your CV. For Americans and many from Asia Pacific too, London is also attractive given the more comfortable lifestyle it offers, and opportunities to work on deals across multiple European countries. Based on our experience of working in the US and in Europe, here are our thoughts on Investment Banking in New York vs. Investment Banking in London.

London vs. New York as financial centres - a brief history

New Yorkers often imagine their city at the centre of the world. But it isn't - London is. Look at a map. America is on the left, Asia on the right, and in the middle is Europe. More precisely, London is in the centre. Why? London has always depended on trade and immigration, which have been the key drivers of the city's status as a financial centre. Even as far back as in the nineteenth century, the City has always been dominated by foreigners in the business of banking and trade. But after war engulfed Europe in 1914, Europe had to recover and the City lost its place in global finance to New York. As the US was untouched by the war and the started to industrialise rapidly, it quickly filled the gap left by London and took the lead in financial innovation.

But London eventually caught back in the last decade as the influx of so many sophisticated French, Italian, Spanish, German, Chinese and Indian immigrants started to dramatically improve the quality of London's workforce. While after September 11 businesses suddenly had to struggle to get visas for employees to work in New York, or even to visit on business trip, visas for Britain have always remained easily available. Also, with the numerous scandals and high-profile bankruptcies in the US (Enron, WorldCom, Lehman Brothers, Bear Stearns - all US firms), investors started to think that the US environment might not be the best, after all.

Finding a an investment banking job in London vs. New York

Overall, investment banking jobs are easier to find (and to keep) for international students in London than compared to the US.

The main reason is due to visa issues: for non-Americans, it is very difficult to obtain work visas or even visas for internships in the US. The immigration process in the US is lengthy, complicated, and very expensive. Therefore,

most investment banks in the US will not bother to look at CVs of international applicants: the United States is a very big country, and the talent pool in the US is sufficiently large for their needs. In comparison, the immigration process in the UK is much simpler, cheaper and more transparent: there is a special "Tier I Visa" for highly skilled migrants (it is granted based on a system of points that will take into account your education, age, current salary and any previous experience in the UK), and studying at a good university in the UK will also quickly open the doors to jobs in London, which is not the case in the US.

The other reason is that languages and multicultural experiences are not as valuable as they are in the US than in the UK. The US is a very large country, and therefore investment banks will mostly do domestic business (as well as South American business), and will not require bankers to speak many languages. In Europe, speaking various languages, especially Europeans but also to some extent Asian languages, is highly valued.

Investment Banking Professional Experience in London vs. New York

On your CV, a stint in New York will always look very good and tend to impress people more than a similar stint in London. This is mostly because New York has had an established reputation as the leading financial centre for the last 70 years, the fact that the US still is synonym with the "American dream" for most people, and also because working in the US tends to be so much more intense.

Investment banking in the US tends to be a 24/7 job, literally. Americans work extremely hard and long hours - there is often no distinction between private life and professional life, especially in New York. Therefore, you are more likely to close more deals and work on more transactions in the US compared to the UK. Also, the domestic market is very active: M&A volumes in the US are always larger than what you can see in Europe. Therefore, from a general perspective, Americans tend to be better at financial modelling due to their more extensive experience, and they are used to handle a lot of stress compared to their European counterparts.

A significant downside of working in NY however is that working in New York will not give you a "global" perspective of the investment banking business. For example, you won't work on many cross-border transactions. You will only know about the US financial system and regulations, and you will only know about the "American way", which will be extremely different from what is done internationally. Working in London, the majority of your deals will be cross border or outside the UK, you may work on IPOs in Russia, deals in Middle East, mergers with Chinese companies, etc.

Finally, another downside of working in the US is that future career options in the US will be limited as a foreigner, because things in NY are so US-centric. US companies tend to hire local staff, and being an outsider it will be much more difficult to have the necessary professional network and cultural connection required to climb the hierarchy fast or change jobs. But if you intend move back to your country in the medium term, this is not a problem.

Investment Banking Lifestyle in London vs. New York

> Working hours and Work-Life balance: Expect 100+hours/week to be the standard in New York, very few weekends to enjoy, with a maximum of 2 weeks holidays if lucky (more likely to be a week). In London, hours are more reasonable (70+), a good number of weekends can be free of work, you will have at least 5 weeks holidays, not to mention that August and December are very quiet.

> Quality of living: New York is more fun than London for the young, party-going types because of the club and bar scene. However, New York is a big block of concrete, extra cold in winter, extra hot in summer, and if you are a nature-

lover or a family-type person you will be very disappointed and it can be very exhausting. Native New Yorkers are not the most friendly bunch either, and can be very rough. The London party-scene is also good but London is more quiet overall, with lots green spaces, and much more family friendly. London is also unique in that you can travel all over Europe very cheaply for weekend breaks. So if you plan to party a lot, go to NY, and if you want a more "settled" lifestyle, go to London.

> Cost of living: a flat in Manhattan costs roughly the same as a flat in London. Both will be small, overpriced and likely quite old. Other cost are also about the same, except from transportation which is more expensive in London (but you'll use taxis to go back and forth to the office anyway).

Investment Banking compensation in London vs. New York

Salaries and bonuses at the junior level are pretty much in line between the two cities and this will remain the case so as not to have a massive exodus to one of the two cities.

On an after-tax basis, tax rates are roughly the same, except for very high salaries, where NY has an advantage given the new tax system in the UK (50% tax above £150,000 earnings). If you take into account currency exchange rates, then it all depends on your home country and what you plan to do with the money

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