



# FINANCIAL LITERACY FOR YOUTHS



Investment Banking VS Asset Management:  
Which is a better career choice?



Although not as glamorous as it was before the financial crisis of 2008, investment banking (IB) is still highly sought after due to its prestige and generous pay. However, have you contemplated another unpopular option - asset management (AM)?

Simply put, investment banking is about raising financial capital for an organization's expansion, be it the private or public sector. IB uses mergers and acquisitions, initial public offerings, stock purchases, and other methods to build capital. Meanwhile, asset management involves managing and investing their client's equities, derivatives, commodities, securities and etc to grow their funds. Asset managers choose investment vehicles based on their clients' requirements and attitude to risk.

To get a better picture of financial markets, here are two handy terms that you need to know beside IB and AM:

Buy Side refers to firms that buy and invest in securities for the purpose of money or fund management. It includes asset managers, pension funds, hedge funds, institutional Investors, retail Investors.

Sell Side deals with the creation, promotion, and selling of traded securities to the public. It refers to firms like investment banks, commercial banks, stock brokers, market makers as well as corporations.

Both IB and AM careers are lucrative and offer lots of opportunities for growth and progress. However, there are key differences that can aid a prospective candidate in nailing a career choice.

### **Job Prospects in Malaysia**

Job openings are aplenty if you want to venture into any investment banks, ranging from local banks (CIMB, Maybank, etc.) to foreign banks (HSBC, UOB, BNP Paribas etc.) and the Bulge-Bracket Banks (JP Morgan, Goldman Sachs, and etc.). Jobs in an investment bank are divided into three segments - front, middle, and back.

Front office jobs are the revenue generator which deal with clients and create models and pitch books.

Middle office consists of the professionals working in the departments of compliance, corporate treasury, risk, and strategy management.

Back office provides support services to the front room associates, such as accounting, operations, human resources and IT.

In contrast, there is way lower job availability for asset management, with only a few, small-scale foreign asset management firms - namely Nomura, Aberdeen, BNP Paribas. Another option would be local boutique investment firms, such as Singular, Libra Invest, and Capital Dynamics. Here's a link to the list of fund management companies in Malaysia as of the 30th of November 2014. Due to shorter working hours and better work life balance, people in AM generally do not quit or change their jobs as frequently as their peers in IB.

### **Education and Skills**

Any bachelor's degree could open doors to IB and AM job opportunities. However, an elite company, for example, a Bulge-Bracket Bank would definitely look for applicants with at least a degree from a prestigious overseas institution, such as an Ivy League school. Besides academic excellence, relevant working experience and extra-curricular achievements will boost your resume as well.

There is a substantial overlap in the skills sought for IB and AM positions: analytical and problem-solving skills, communication skills, and client-service skills. Investment bankers work on the sell-side, selling financial products; while asset managers work on the buy-side. Therefore, bankers require more sales talent to interact with clients persuasively, while asset managers need more quantitative and analytical skills to manage investment portfolios and opportunities. Furthermore, a Chartered Financial Analyst (CFA) credential would enhance your AM job application. In short, the best bankers and the best asset managers have an equitable mix of both skill sets. text

## **Work-life balance**

Long hours are commonplace in investment banking world as investment bankers are expected to prioritize work. In fact, employees who are not comfortable with 80-hour weeks rarely last long in the industry. Weekends are not guaranteed off days for an investment banker, which requires them to have strong work-life integration.

In contrast, asset management firms offer more reasonable hours, and subsequently better work-life balance. 40 to 50 hours per week is the norm in the industry. While AM might seem less work-intensive than IB, it has a stricter result-based performance metric, whereas investment banking can succeed with strong relationship with clients due to its client-facing nature.

## **Salaries**

Last but not least, let's talk about money. There is a multitude of different jobs available in IB and AM, but we would only discuss about the salaries of front office investment banking positions here. Bonuses are rewarded based on target deals reached for IB, and fund performance for AM.

There is limited information about the salaries in Malaysia. Hence, you should only take the figures below as a reference as they are not completely applicable in the Malaysian context even after the conversion to MYR.

**Figure 1: Salaries for investment banking positions**

Role	Experience	Salary (£)	Bonus (%' age)
Analyst	1-3 years'	45000-70000	20-50
Associate	3-5 years'	55000-120000	20-80
VP/AD		85000-150000	30-100
Director		130000-270000	50-150
MD		200000-500000+	50-200

Source: Page Executive, 2017

**Figure 2: Salaries for asset management positions**



	1 - 3 years	Bonus (%)	3 - 5 years	Bonus (%)	5 - 10 years	Bonus (%)	10+ years	Bonus (%)
Equity Research Analyst	£35,000 - £60,000	20 - 50	£50,000 - £80,000	30 - 80	£70,000 - £110,000	40 - 100+	£100,000- £120,000 +	50 - 100+
Portfolio Manager	£50,000 - £80,000	50 - 100+	£60,000 - £100,000	50 - 100+	£85,000 - £120,000 +	50 - 100+	£100,000 - £150,000 +	50 - 100+
Quant Analyst	£35,000 - £55,000	10 - 40	£40,000 - £65,000	30 - 50	£60,000 - £110,000	50 - 100+	£90,000 - £120,000	50 - 100+
Investment Strategy	£30,000 - £50,000	10 - 30	£40,000 - £70,000	30 - 50	£60,000 - £100,000	30 - 70	£90,000 - £120,000	70 - 100+
Multi-Manager Analyst	£30,000 - £50,000	10 - 30	£50,000 - £70,000	20 - 50	£65,000 - £90,000	30 - 70	£80,000 - £110,000 +	60 - 100+
Multi-Manager PM	£50,000 - £70,000	30 - 70	£60,000 - £80,000	40 - 100+	£80,000 - £100,000 +	50 - 100+	£100,000 - £130,000 +	50 - 100+

Source: Page Executive

As you can see, investment banker's salary is higher compared to asset managers, but it also has more working hours.

## Verdict

In conclusion, the best career choice for everyone in the world does not exist - it is all about selecting a career which suits you the most. There are pros and cons of each and what other people are desiring might not be the right shoes for you. Think before you make your own career decision.



# References

1. Investment Banker Salary - You'll Be Surprised How Much They Make. (2018). Retrieved from <https://corporatefinanceinstitute.com/resources/careers/compensation/investment-banker-salary/>
2. Bagley, T. (2017). Banking & Asset Management Salary Survey 2017 [Ebook]. Page Executive. Retrieved from <https://www.pageexecutive.com/sites/pageexecutive.com/files/Banking%20%20Asset%20Management%20Salary%20Survey%202017.pdf>

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