



NUS
INVESTMENT
SOCIETY

CAREERS IN FINANCE

EXPLORING THE VAST INDUSTRY

INTRODUCTION

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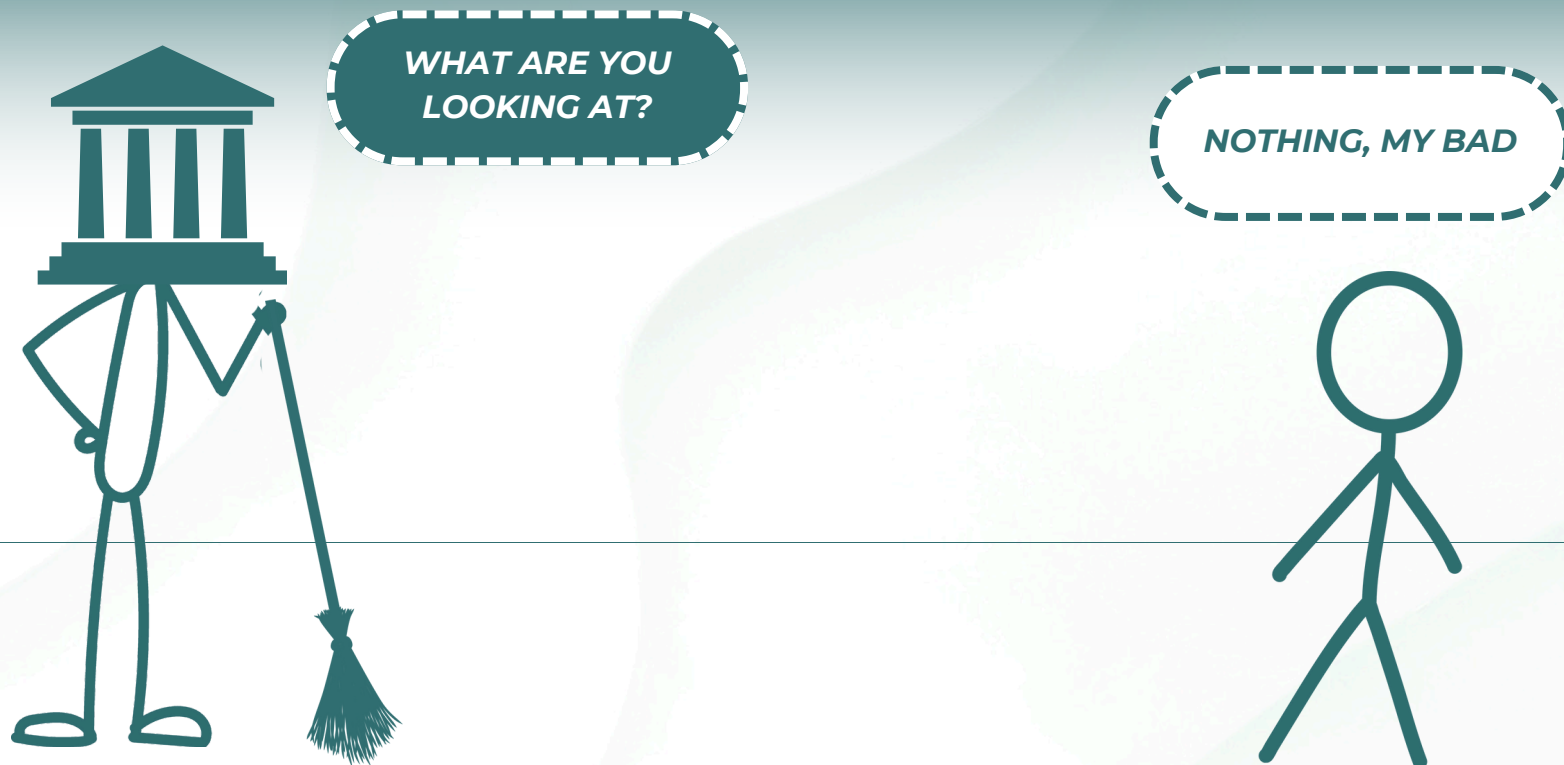
Diving into the world of finance can be exciting, especially if you are an NUS student!

Finance offers many career paths and is as diverse as the students who pursue them.

This blog post is your gateway to understanding the exciting prospects in the finance sector, tailored for ambitious minds at NUS.



BUY SIDE & SELL SIDE



Before we start eyeing the finance opportunities that lay on the horizon, it is imperative that we take a step back and observe;

What kind of operations do financial institutions engage in to rake in money?



BUY SIDE



SELL SIDE

The operations of a financial institution can be categorised into two parts: **Buy Side** and **Sell Side**.

BUY SIDE

A business involved in buy-side will **invest in market securities** (stocks, bonds, foreign exchange, metals etc) with the hope that **these securities will appreciate and go up significantly in value.**

The quintessential purpose of buy-side investing in major financial institutions **is to make money for itself and its stakeholders.**



The Bull represents a bullish financial market; in other words a market in which prices of securities are expected to **rise.**

SELL SIDE

On the other hand, a **business involved in sell-side** is involved with **the sale of the market securities** mentioned under buy side.

For there to be a buyer; there must be a seller; the sell-side is involved in **creating products** and providing services to the buy side.



The Bear represents a bearish financial market; in other words a market in which prices of securities are expected to **fall**.



There are some businesses which only focus on the **buy side**, some which dabble only on the **sell side** and there are plenty which involve themselves in **both**.

FRONT OFFICE
MIDDLE OFFICE
BACK OFFICE

When we watch movies like “Wolves of Wall Street” and stare in awe at the seemingly hectic yet incredibly precise and intricate working life in the banking sector, many of us couldn’t help but wonder about the **underlying structure and mechanisms** that keeps the banking institution up and running.

So, before delving into the specific careers that the finance industry has to offer, let us examine the **structures**, or more precisely, what do the commonly heard, widely-known Front/Middle/Back office in the **banking sector** entail.

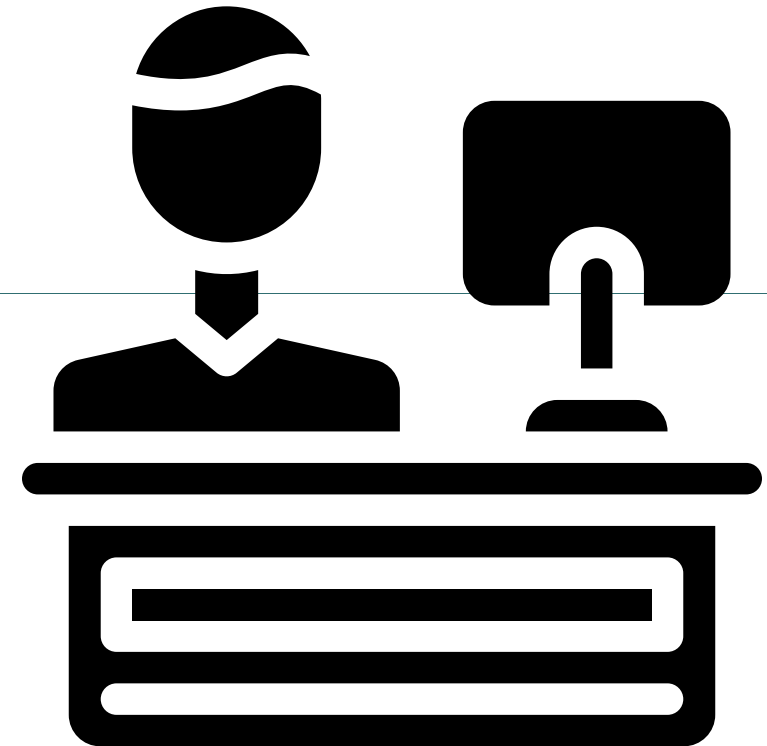


Front Office

Let us start with the Front Office.

The front office in banking is essentially the **customer-facing** part of the business. It includes all the functions that **deal directly with clients and generate revenue for the bank** such as trading, investment banking and wealth management.

It is also the **most visible part** of the bank to customers and clients due to its client-interacting nature.



Some of the roles in front office...

Sales and Trading: In Sales and Trading, traders buy and sell financial instruments like stocks, bonds, and currencies on behalf of the bank or its clients to generate revenue.

Investment Banking: Bankers would typically assist companies with mergers and acquisitions (M&A), initial public offerings (IPOs), and other activities to raise capital.

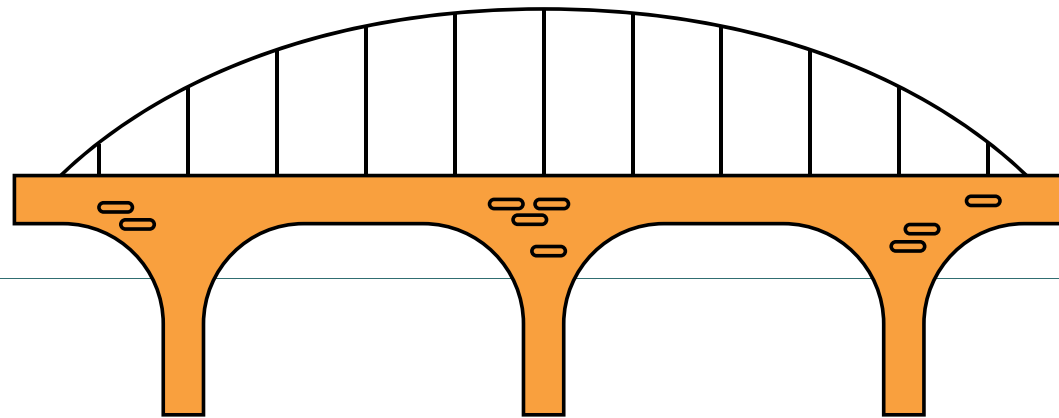
Private Banking/Wealth Management: These are professionals who manage investments for high-net-worth individuals or corporations. Hence, they typically deal with a more targeted group of clients.

So...

... if you are fond of **communication, problem-solving and potentially multi-tasking**, you might consider getting a real-life experience of the hustle-bustle working environment portrayed in “Wolf of Wall Street”



Middle Office



Moving on to the Middle Office, this is a section that supports the front office but focuses on areas like risk management, compliance, and ensuring that transactions are properly executed and reported.

You can think of the Middle Office as a **bridge that closes the gap** between the **revenue-generating front office** and the **operational back office.**

What are some of the functions of Middle Office?

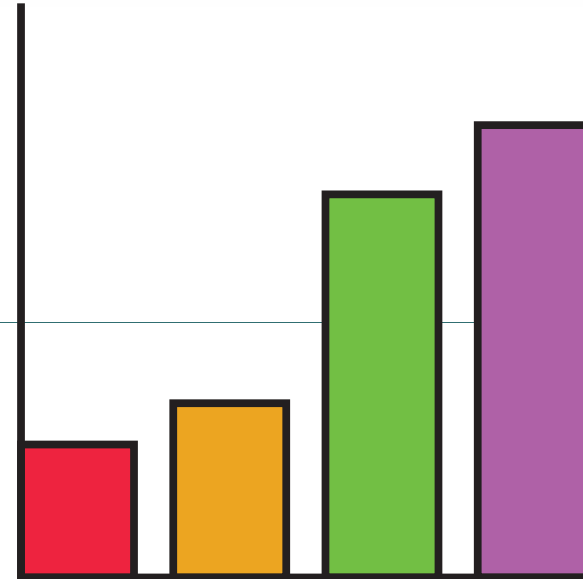
Risk Management: Risk Management teams would assess and manage financial, operational, and market risks that are associated with business activities, particularly in banking and finance. They **use models and analytics to predict potential risks** and recommend mitigation strategies. For instance, ensuring that a trading desk is not overexposed to market volatility.

Compliance: This is a crucial function within the banking sector as it ensures the bank adheres to **laws and regulations**, such as anti-money laundering (AML) laws.

Performance Monitoring: Middle office staff track and **analyze the performance of investments, trades, or projects**. These are the people who provide reports and insights to front office teams, helping them make informed decisions.



Give it a shot if...



...If you are keen to put your **quantitative and analytical** knowledge to good use and are interested in learning more **regulatory knowledge** as well as gaining more **risk management expertise**, you may consider exploring more of the middle office.

Back Office

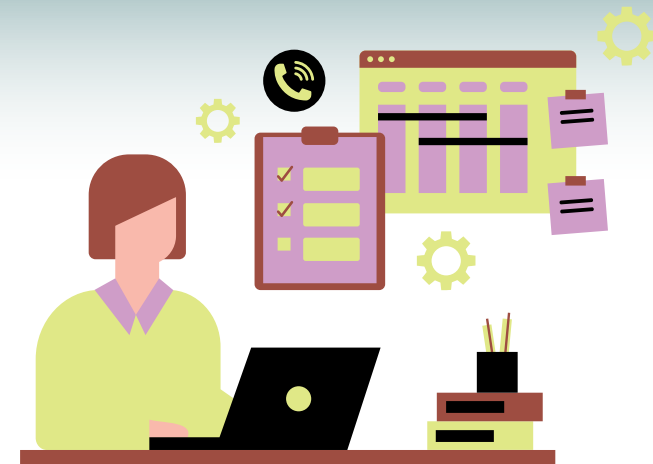


Finally, let's talk about the Back Office in the banking sector.

The back office typically handles the **administrative and support tasks** that keep the bank running.

It provides essential support functions to the front office and middle office, focusing on **operational efficiency, administration, and record-keeping**. It ensures that all transactions and processes run smoothly behind the scenes.

What Does It Entail?



Settlements: This function serves to process and settle financial transactions in a timely manner. For example, when a stock is traded, the back office ensures that shares are transferred and payments are made.

IT Support: IT support teams handle the technology infrastructure of the bank, ensuring systems run smoothly.

Administrative Support: Back office teams handle tasks like payroll, HR management, invoicing, and record-keeping. They often manage facilities and procurement, ensuring the organization runs efficiently on a day-to-day basis.

Consider it if...

... if you prefer **working behind the scenes** rather than in direct interaction with clients or the public.

Back office roles typically involve operational support, such as handling administrative tasks, accounting, IT, data management, human resources, and other essential functions that keep the company running smoothly.



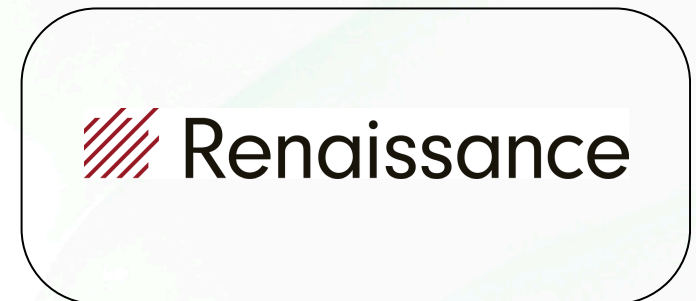
FINANCIAL INSTITUTIONS

HEDGE FUNDS

A hedge fund is a restricted partnership made up of private investors whose capital is gathered and **overseen by qualified fund managers.**

Risky tactics, leverage, and derivative instruments like **futures and options** are all used by hedge funds.

As a result, a hedge fund investor is typically thought of as an **accredited investor.**



2 of the most notable hedge funds.

HEDGE FUNDS



In-depth
knowledge of
financial
instruments



Solid
understanding of
risk assessment

REQUIRED SKILLS TO GET IN

PRIVATE EQUITY FIRMS

Private equity is a type of **investment capital** that is obtained by businesses that purchase shares in **privately held corporations**.

Some also acquire control of publicly traded companies with the intention of taking them **private and delisting from stock markets**.

They aim to **improve companies' value and profitability**, often selling them later for a profit.

The logo for The Blackstone Group, featuring the text "The Blackstone Group" in a serif font, with "Blackstone" in a bold, black, sans-serif font. The word "Blackstone" is partially obscured by a solid black rectangular box.The logo for KKR, consisting of the letters "KKR" in a bold, purple, sans-serif font.

The top few private equity firms

PRIVATE EQUITY FIRMS



Proficiency in
financial
modeling



Have a solid
educational
foundation



Experience in
related fields, such
as investment
banking

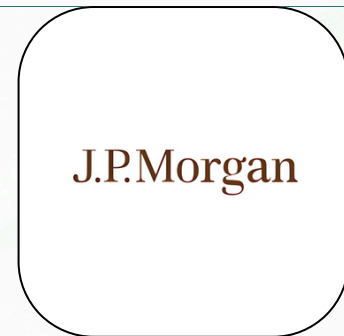
REQUIRED SKILLS TO GET IN

INVESTMENT BANKS

Investment Banking is one of the most sophisticated sectors in finance.

It organises large, complex financial transactions such as **mergers** or raising capital/underwriting for **Initial Public Offerings (IPO)***.

These banks raise money for companies in a variety of ways, including **underwriting the issuance of new securities** for a corporation, municipality, or other institutions.



The 3 largest Investment Banks in the world. They are extremely competitive to get in because they are known to have the highest pay.

*When a company goes public, they first shares that they issue to the public are called **IPO**.

INVESTMENT BANKS



Ability to build
complex financial
models



Advanced
knowledge of
Excel, Bloomberg
Terminal etc.



Thorough
understanding of
Financial
Statements

REQUIRED SKILLS TO GET IN



You would definitely recognise
these four commercial banks
(hopefully)

COMMERCIAL BANKS

Commercial banks are financial institutions that accept deposits, offer various banking services like savings and checking accounts, and provide loans to individuals and businesses.

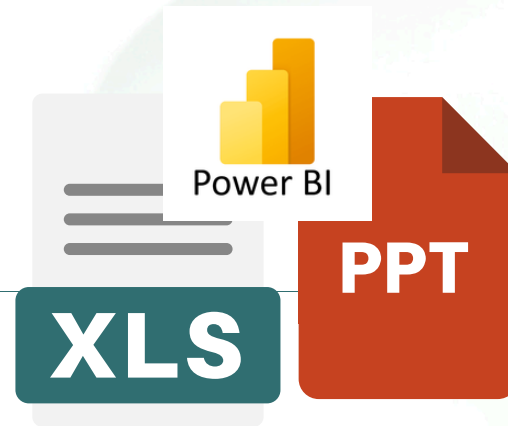
Sounds familiar? That's because you probably have a savings account with one. **They make money through interest on loans and fees for services.**

These banks are critical in the financial system for their role in facilitating commercial payment and allocating financial resources.

COMMERCIAL BANKS



Credit risk analysis
and evaluation



Advanced
knowledge of
Office Applications



Outstanding
interpersonal skills

REQUIRED SKILLS TO GET IN

CONCLUSION

CONCLUSION

Being the largest financial hub in Asia, there are **countless opportunities** that the Singapore Finance Industry has to offer.

We look forward to engaging with you more through our regular blogs and our social media platforms!

Follow **NUSInvest on Instagram** and keep an eye out on the blog section of the NUSInvest website. Stay tuned!

