Global banking recruiters return to campus

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Recruiters in the global banking centres of New York, London and Hong Kong are taking advantage of a burst of economic optimism and returning to campus, reuniting the global alliance of business school and investment bank. This time though they draw a mixed reception.

In New York investment banking comes close to matching its own enthusiasm of a decade ago. And MBA graduates are being well rewarded. Those who sign up to a job at a Wall Street investment bank will benefit from a rise in starting salaries for the first time in five years.

In 2014, base salaries were around $110,000; this year MBAs from top schools can expect to earn $125,000 as well as a sign-on bonus of $50,000.

“Banks have come back,” says Roxanne Hori, associate dean for corporate relations and career services at NYU Stern. “The M&A marketplace is healthy and the start-up community is healthy, so there are lots of IPOs.”

About 30 per cent of all Stern MBA graduates will go into investment banking this year, with a further 6 or 7 per cent joining private equity, venture capital and other financial services firms.

The bulge bracket investment banks, such as Goldman Sachs and Morgan Stanley, are still the preferred recruiters for many MBAs, confirms Gina Resnick, associate dean for the career management centre at Columbia Business School. “There is still a lot of interest in the brand names — and those are much the same names [as before the crisis].”

At Chicago Booth, Julie Morton, associate dean of career services, reports that student interest in the financial sector remains high, with more than 40 per cent of Booth graduates taking their first job there. However more students are targeting wealth management, real estate financing, private equity and venture capital as well as smaller and regional banks.

The London recruiting market meanwhile has greater fragmentation compared with eight years ago. London Business School placed 46 per cent of its MBAs in the finance sector in 2007 but this year 28 per cent of graduates will follow suit.

“The market has really fallen away,” says Lara Berkowitz, executive director of the career centre at LBS. “You don’t see the double-digit hiring figures from banks these days in Europe.”

At Imperial College Business School, which has built up an academic strength in finance in recent years, about a third of MBA graduates join the finance industry. It is a similar story at Cass. Both business schools graduate classes of around 70 MBAs.

The problem is one of supply as well as demand, says Stephanie Kissen, Cass's MBA careers relationship manager. Though located in the City, Cass graduates are less likely to pursue a career in banking and find that sectors such as technology, consulting and healthcare appeal to them instead.

"There's definitely a feeling these days that there are other careers available," says Ms Kissen.

This may seem like bad news for the banks, but Dee Clarke, head of campus recruitment in Europe for Bank of America Merrill Lynch, is unperturbed.

The herd mentality has gone, she says. "Now what is really helpful is that the smaller number of MBAs who want to join banks have thought through why they want to join."

Structural differences in the graduate hiring market between the two financial centres are significant. In contrast to Wall Street, investment banks in the City have traditionally employed undergraduate and pre-experience masters students for the entry level analyst jobs, rather than the more expensive MBAs for associate positions.

Ms Berkowitz believes that this trend is spreading to the US, as business schools there adopt the pre-experience masters model.

"I think the trend of more analysts and fewer associates is in both regions. The entry point for markets is analyst these days," she says.

In Asia's financial centre, Hong Kong, the story changes again, says Marjorie Chang, administrative director of MBA career management centre at CUHK business school.

"One of the obvious scenarios is that we have [seen] increased hiring from Chinese firms — banks and investment companies — both in China and Hong Kong," she says.

The bulge bracket banks are also setting their sights on China, says Sean Ferguson, associate dean of the business school at neighbouring HKUST, and this brings with it another set of required skills.

"They [the banks] are orientated towards Chinese speakers," says Mr Ferguson. Indeed for those who want to work in Beijing or Shanghai, speaking Mandarin may no longer be enough, he adds. "Mainland China has really started to be walled off. [It is almost at the point where] not only do you need to speak Mandarin, but you have to be from the mainland too."

Though close to half of all MBA graduates at the two schools still join the financial services industry, new players have joined the mix.

"In the past two years we have seen a lot of private equity companies investing in Hong Kong," says Dr Chang. They are using the city "as a base to raise funds to invest in the Asian market, including India and China".

Several of the private equity firms that have launched in Hong Kong are from India, which has been welcome news for Indian students. What is more, these firms are proving increasingly popular with today's MBAs, who are looking for more diverse jobs, says Dr

Chang.

“The breadth and depth of their world is more interesting for young people.”