



CAREER

GUIDE

INDIA | 2022

About CFA Society India*

CFA Society India (Indian Association of Investment Professionals), established in April 2005, is an association of local investment professionals, consisting of portfolio managers, security analysts, investment advisers, and other financial professionals. As one of the 158 CFA Institute member societies, CFA Society India connects local members to a global network of investment professionals. The key objectives of CFA Society India are to promote ethical and professional standards within the investment industry in India and to facilitate the exchange of information and opinions among people within the local investment community and beyond. CFA Society India also works to further the public's understanding of the CFA designation and the investment industry.

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LETTER FROM THE DIRECTOR

For more than 75 years, the CFA® charter has been the most respected credential in the world of investment management. Employers and professionals alike consider it to be the gold standard in the industry. Being a CFA® charterholder, however, goes beyond just earning the charter. It requires an unwavering commitment to a code of ethics, continuing education, and professional excellence.

When I began my journey as an aspiring investment professional, I needed in-depth knowledge of global financial markets to progress in my career that would complement my existing accounting knowledge. The CFA® Program not only provided that global body of knowledge but also did a lot more. It kindled in me a fire for lifelong learning and the desire to achieve the highest standards of professionalism. More important, it grounded me in ethical conduct and practice—an indispensable attribute for any investment professional anywhere in the world. In the 15 years that I have been associated with the CFA Program, these values and attributes have stood me in great stead.

CFA Society India plays a key role in delivering lifelong opportunities for learning to CFA charterholders. Additionally, it connects them to a global network of investment professionals, including some of the most successful and respected names in the industry. We are like-minded professionals who care deeply about ethics, integrity, and professional conduct. As India grows on the global stage, we see ourselves playing an increasingly important role in the industry as well as in the careers of CFA charterholders.

The India Career Guide is an initiative to that end. The first edition, published in 2016, highlighted the career journeys of 26 CFA charterholders from India. This, the second edition, takes a different approach. It delves into each segment of the investment industry, and it does so through the lens of a career aspirant. The knowledge and insights you will find here have been sourced from expert professionals—those with long and successful careers in that segment of industry. It therefore represents the most pertinent information on these careers you can hope to find; it is a body of work like no other in India.

My sincere thanks to the CFA Society India volunteers who have worked behind the scenes. Their tireless efforts, despite demanding schedules, have made this India Career Guide possible. I also thank every industry practitioner for sharing their wisdom—it is the bedrock on which we stand. Last but not the least, I extend my gratitude to CFA Institute for its support and for being the guiding light behind this project.

We hope the India Career Guide helps you to realize your career ambition.

Biharilal Deora, CFA, CIPM
Director, Abakkus LLP
Director, CFA Society India

Dear Reader,

Thank you for choosing to consult this book. If you are new to a particular financial services career or job, this book will help. Here is why.

The investing world is full of career opportunities. Each opportunity is fascinating in its own right. So what's the caveat?

Employees new to investing are unable to see these opportunities. A practitioner-oriented knowledge base of what each career or job opportunity means is not available publicly. Some jobs dazzle and shine. For example, many new entrants want to become star analysts or traders. But an understanding of what each role means in terms of innate habits, pressures, and success rates is overlooked. A famous Reserve Bank governor once observed that when it comes to careers, people reverse the causal connection between jobs and ability. Flashy media coverage makes jobs look easy, but many people fail to ascertain whether they hold the required skills, basic aptitude, and hunger to succeed.

This book endeavours to demystify investment careers. Each of the 12 chapters in this book maps to carefully selected financial services sectors. Each chapter seeks to present five important aspects in a given sector. First, it provides a basic understanding of the sector, including supply and demand for personnel. Second, it presents the career roles on offer and the progression for each of the roles in that sector. Third, where available, it discusses the remunerative aspects. Fourth, the skill sets and competencies necessary to succeed are highlighted. And fifth, again where available, potential interview questions as well as places to visit to research and apply for jobs are shared.

I extend a word of gratitude and a big thank you to the team that put this material together. Compiling research for this book has been possible because of the hard work put in by a number of CFA Society India volunteers. In addition to using webinar recordings, they have interviewed industry experts to compile the basic material in this book. The book would not have been possible without the help of CFA Society India and CFA Institute staff: a hearty thank you to Annlin, Soumik, and Priyanka at CFA Society India; and to Harshad, Divya, Arati, and Vidhu at CFA Institute.

I sincerely hope this book serves as an important guidepost for anyone who wants to choose a career in the investment industry.

Sincerely,

Shreenivas Kunte, CFA, CIPM
Senior Executive, Content and Automation, HDFC AMC
Volunteer, CFA Society India

CONTENTS

- 01 **Equity 06**
- 02 **Debt Capital Markets 18**
- 03 **Wealth Management 26**
- 04 **Investment Banking 31**
- 05 **Private Equity 36**
- 06 **Treasury Management 41**
- 07 **Credit Ratings 46**
- 08 **Knowledge Services 51**
- 09 **Fintech 56**
- 10 **Platformization of Financial Services 61**
- 11 **Quantitative Investing 65**
- 12 **Academia 70**
- **CFA SOCIETY INDIA VOLUNTEERS 74**
- **REFERENCES 76**

01 EQUITY



1.1 SECTOR DESCRIPTION

Investment management is about managing assets. Investment managers generate returns on investments by directing savings to users of capital. For managing assets and generating a return, Investment managers charge a fee. The investment management sector includes several participants providing distinct yet related services. Equities, debt, commodities, and currencies are among the most significant asset classes investment managers manage.

The buy-side and the sell side represent two crucial segments in financial services.

1.2 BUY-SIDE EQUITIES

The buy-side includes money managers who purchase assets. They are the buyers of securities and services offered by the sell side that aid the buying activity. They invest on behalf of individuals and institutional investors or proprietary accounts. Investment management, asset management, and the buy side are synonymous terms.

1.3 TYPES OF FIRMS AND THEIR ACTIVITIES

Hedge funds, pension funds, endowments, asset management companies (AMCs), and other such entities are buy-side institutions. They invest in a single or a variety of asset classes. These managers conduct research, evaluate various asset classes, and make decisions about the suitability and allocation of an asset. For instance, mutual funds offered by AMCs often invest in equities, debt, commodities, and currencies. Most individual money managers focus on a single asset class.

They are categorized based on the strategy they follow and the clients they cater to. In terms of structure and characteristics, they are mainly homogeneous. Buy-side institutions can invest in publicly listed companies and private companies. In the public equity markets, funds are

either long-only or long-short funds. Buy-side participants charge a management fee to their clients based on assets under management (AUM).

India houses a large number of asset managers. As of July 2021, there were 361 portfolio managers (PMs), 50 mutual fund houses, 765 alternative investment funds, and 9,961 foreign portfolio investors registered with the Securities and Exchange Board of India (SEBI), the country's financial markets regulator.

As per the Association of Mutual Funds in India (AMFI), the AUM of the Indian mutual fund industry on 31 May 2021, stood at INR 33.06 trillion, of which approximately INR 14.5 trillion was held in equity schemes. PMs were managing INR 1.52 trillion in direct equities as of October 2020. As of 31 March 2021, alternative investment funds (AIFs) across all categories had raised commitments worth INR 4.5 trillion and invested about INR 2 trillion with more than 65% of the funds deployed by AIF Category 2.

According to research by GPP and AIMA, on average, a fund with an AUM of \$500 million or less has a team of about seven with three to four research roles.

Portfolio management services (PMSs) and AIFs in India have around 8,100 employees, with less than 50% of these jobs being held in research roles.

1.4 ORGANIZATIONAL STRUCTURE

An AMC may structure its functions as shown in figure 1.1.

PMS and AIF Category 3 in India have a similar structure. The research team includes the head of research or a director, an analyst, and one or two associates. Typically, a single person handles other functions, such as compliance, trading, marketing, and product development.

FIG. 1.1 AMC ORGANIZATIONAL STRUCTURE



1.5 BUY-SIDE ROLES

RESEARCH:

Buy-side research teams have a lean structure. One starts as an associate, progresses to an analyst role, and finally becomes a PM who independently manages money.

ASSOCIATE:

The associate role is an entry-level position at a buy-side fund. You are hired for this position fresh out of college. Some organizations require one to two years of research experience, preferably in sell-side research, investment banking, or consulting. In this role, you will be tasked with gathering and structuring data, tracking news flow, creating financial models, and writing research reports. You will need to work with large sets of unstructured data gathered from primary and secondary sources. Eventually, you will have to analyze this data and turn it into information and actionable insights. You generally begin by covering one to three sectors.

An associate's role requires long hours of grueling intellectual work. It requires copious amounts of reading, number crunching, and ultimately compiling that data and information into a cogent investment thesis. It is essential to be proficient in MS-Excel, PowerPoint, and other data management and presentation programs.

ANALYST:

Analysts identify new investment opportunities. Along with idea generation, as an analyst, you also will be responsible for monitoring all the names under coverage.

Assimilation, analysis, and presentation of data lie at the crux of an associate and an analyst profile. The data can be quantitative or qualitative and may pertain to specific companies, sectors, economics, and geopolitical landscapes. You will be required to critically analyze and interpret the data for fresh opportunities and their impact on the current portfolio.

Technical expertise in financial modeling is a must. Analysts must have broad-based knowledge about business models, know how to build forecasts and scenarios, and understand the dynamics of different industries. Accounting and financial skills are critical to understanding and interpreting accounting statements and valuation. Added knowledge of software like SPSS or Bloomberg is an advantage.

In addition to your own analysis, you will interact with other analysts from the buy side, sell side, company management, and other data sources. Networking and people skills are essential for this aspect of the role. The analyst aims to present investment ideas to the PM.

This requires communicating and defending the investment thesis effectively through written reports and verbal pitches. Success in this role is defined by how many investment ideas are ultimately accepted by the PM. To succeed, you have to be curious and have an analytical, critical, and precise thought process.

PORTFOLIO MANAGER:

The PM heads the team of analysts. PMs set and execute the investment strategy, guide the research team, and are responsible for the quality and efficacy of the research. PMs have a critical impact on the client's decision to invest in the fund.

A PM receives multiple investment ideas from the internal team and the sell side. Hence, a PM must have both depth and breadth of knowledge of various sectors. An analyst begins by specializing in either a single or perhaps two or three industries. As they progress, generalization becomes essential.

The performance of fund managers is compared with a benchmark index, which includes several sectors. Having practical expertise in all industries is indispensable. The deluge of information also requires that a PM deftly filters out the noise. They should have a defined set of data points and sources of information that are important for their decision-making.

A PM's work is not limited to picking stock but also involves portfolio construction and allocation decisions. In many funds, the chief investment officer is the PM, and hence they are the final authority on all investments.

An essential behavioral trait for a PM is the ability to make decisions quickly. Price discovery in most mature markets is quick, and any delay in decision-making will hurt the portfolio's performance. The ability to overcome cognitive biases is critical.

One of the most underrated skills is one's ability to "sell." An associate/analyst sells their ideas to the PM. As you progress from an analyst to a PM, the role becomes more client-facing. It is essential to be able to build and communicate a narrative around the strategy and the investments.

Being a PM is a natural progression for an analyst, but the job description changes considerably. Becoming a PM may not be a natural choice for everyone, given the different skills involved.

1.6 SALES AND MARKETING

SALES ASSOCIATE:

The sales team at a fund manages the end-client relationships. It involves not just bringing in new clients but also taking care of queries and communicating pertinent information to the existing clients.

The best salespeople are not necessarily pushy or aggressive. They must deliver products that suit clients' needs. A good salesperson will maintain a balance between expectations of their employer and clients' best interests.

PRODUCT DEVELOPMENT:

The product development team designs new investment products and devises strategy(ies) to market them. They need to understand the investment market and analyze the trends. Prior marketing experience and strong client relationships are essential requirements. Essential attributes for this role are knowledge and understanding of investment products. This profile also demands that you be able to explain and demonstrate why a particular product is needed in a client's portfolio.

PRODUCT SPECIALIST:

A product specialist stands at the crossroad of sales, product, and the PM. As a product specialist, you will liaison between the investors and the PM. For example, the salesperson overlooks 50-100 funds in a global fund and does not have detailed information about specific products. A product specialist focuses on a particular geography or sector and can present that fund better to the investors. In this role, you should present the fund and explain the stocks picked by the PM and the allocation rationale.

Product specialists (PS) should present well and have a fundamental knowledge of the markets and the stocks in the portfolio. A critical ability is to think on your feet and field questions from investors. You must tread a careful line between the investors and the PM. Although the investors might be looking for consistent outperformance, the PM might not be able to do that every month. So as a PS, you will have to balance the expectations of the clients with the strategy of the PM. Career growth as a PS depends not only on the amount of money raised by you but also on the goodwill garnered with the clients. The CFA® Program curriculum gives the broad-based knowledge required to understand the PM's strategy, attributes of the portfolio, clients' needs, and suitability of a strategy and to answer questions that clients have.

1.7 TRADING DESK

The trading desk consists of traders and dealers. A dealer's profile involves only punching orders and ensuring the best execution to reduce impact costs. A trader is also responsible for creating and implementing complex trading strategies, especially at a long-short fund.

The trading desk at an asset management firm is a moving and bustling environment in which no two days are the same. The flip side is that it is a job that never sleeps. Even after market hours, trade settlement, operations, or dealing continues. Cultivating deep relationships in the market is essential for getting the best price for orders.

TRADER:

A trader joins as a junior employee in the trading department and progresses to be the head of the trading desk. In an international fund house, it may be possible to assume a particular geography or an asset class. The work profile largely remains the same, just the domain expands. Buy-side firms prefer candidates with prior experience at brokerages or fund houses.

The trading desk is the first to notice any movement in stock prices. In a market in which the news gets priced in quickly, the trading desk needs to stay on top of the news, market developments, and price movements for the universe of stocks in the fund.

A trader is the first line of defense as it is the first place the information flows to and from about buying and selling decisions. This makes it essential for the traders to be discrete to ensure the best execution.

1.8 COMPENSATION

Compensation is structured differently across roles and departments at a buy-side fund. The pay-out on the buy side is a function of the AUM as well as your track record. Salary varies depending on qualifications, experience, city, the fund, and carry/bonus. When starting in buy-side research, do not be fixated on the salary. If you perform well, your salary can change very fast.

1.9 SKILLS AND ATTRIBUTES OF BUY-SIDE ROLES

Buy-side roles require the skills and attributes shown in figure 1.2.

FIG. 1.2 COMPETENCIES AND ROLES

		ROLES	
		Portfolio Manager	Director/Head of Research
HARD	Data Gathering & Research	-	-
	Analysis	M	H
	Quantitative & modeling	L	L
	Writing	H	H
	Sector & business evaluation	H	H
	Knowledge - markets, industry, economy	H	H
SOFT	Critical Thinking	H	H
	Decision Making	H	H
	People Management	M	H
	Creativity	H	H
	Negotiation	M	M
	Verbal Communication	H	H



Building a career in investments requires a blend of functional as well as soft skills. The core functional areas are driven by technical capability while the soft skills are mandatory to establish your connections with your team, clients, and the broader community.

AMIT KHURANA, CFA

- 1996 – Joined PNB MF as an analyst
- 2000 – Joined Birla Sun Life Securities as lead analyst-IT and added market strategy
- 2004 – Moved to IL&FS Group as an IT analyst and then named the financial manager to the Prop Book
- 2006 – Earned the CFA® charter
- 2008 – Joined Collins Stewart as head of equities
- 2009 – Spent 10 with MKSL as head of equities
- 2010 – Joined Dolat Capital as head of research
- 2015 – Moved to head of equities role at Dolat Capital

ROLES			
Product Development	Trader	Analyst/Senior Analyst	Associate
-	L	M	H
M	M	H	M
L	H	H	H
H	M	H	M
M	M	H	M
H	H	M	M
M	M	M	M
M	H	M	L
H	M	M	L
H	M	M	L
H	M	L	-
H	L	M	L

KEY

HIGH
MEDIUM
LOW

“

Invest in yourself: Just like compounding works in investments, it works in your career as well! Investment is a field where no one is perfect but reading and analyzing more gives one an edge.

ANJALI SINHA, CFA



2005 - Earned bachelor of technology in chemical engineering, IIT Kharagpur

2006 - Became assistant manager at ITC Limited

2007 - Earned MBA from IIM Bangalore

2010 - Joined Macquarie Capital Securities in equity sales

2012 - Earned the CFA® charter

2019 - Named equity sales head at Macquarie Capital Securities

1.10 INTERVIEWING WITH THE BUY SIDE

Researching a few sectors and the organization you are applying to is a good starting point. Get an idea about the fund strategy, publicly available portfolio, and the manager and the team.

Make sure to prepare some work samples that reflect your understanding. Employers are looking to gauge your skills, your thought process, what makes you stand out from other candidates, and if you would be a good value addition to the team. It is not enough to only send your CV and you likely would be passed over.

Being a graduate is a given and having a master's degree is an added advantage. Pursuing a global finance qualification like the CFA® charter is a must. Financial Risk Manager (FRM) and Chartered Alternative Investment Analyst (CAIA) designations are also good to have.

1.11 SELL-SIDE EQUITIES

The sell-side "sells" investment services like research (including ideas and information) and execution services to the buy side. They earn revenue whenever their services are used to execute "orders" from the buy side or to facilitate a transaction. They generate ideas, information, research, and products for the buy side and are instrumental in product and price discovery.

1.12 TYPES OF FIRMS

India's most prominent sell-side players include foreign and large Indian institutions and boutique firms.

Large Indian and foreign sell-side institutions generally have a staff of about 100 people, and smaller firms have a team of about 75. Across all brokers, the total staff strength in the industry is well above 20,000. Although the long-term trend for jobs in this sector is good, the industry is vulnerable to abrupt slowdowns.

Figure 1.3 shows different types of brokerage businesses. International brokerages focus on large-cap, well-followed companies. Indian and boutique houses bring in mid- and small-cap focus. In addition to the three types of brokerages, entry-level positions are easier to land in knowledge process outsourcing (KPO) firms. Most sizeable international brokerage houses employ personnel to support their global operations. Compared with brokerage-only operations, these organizations have larger entry-level openings.

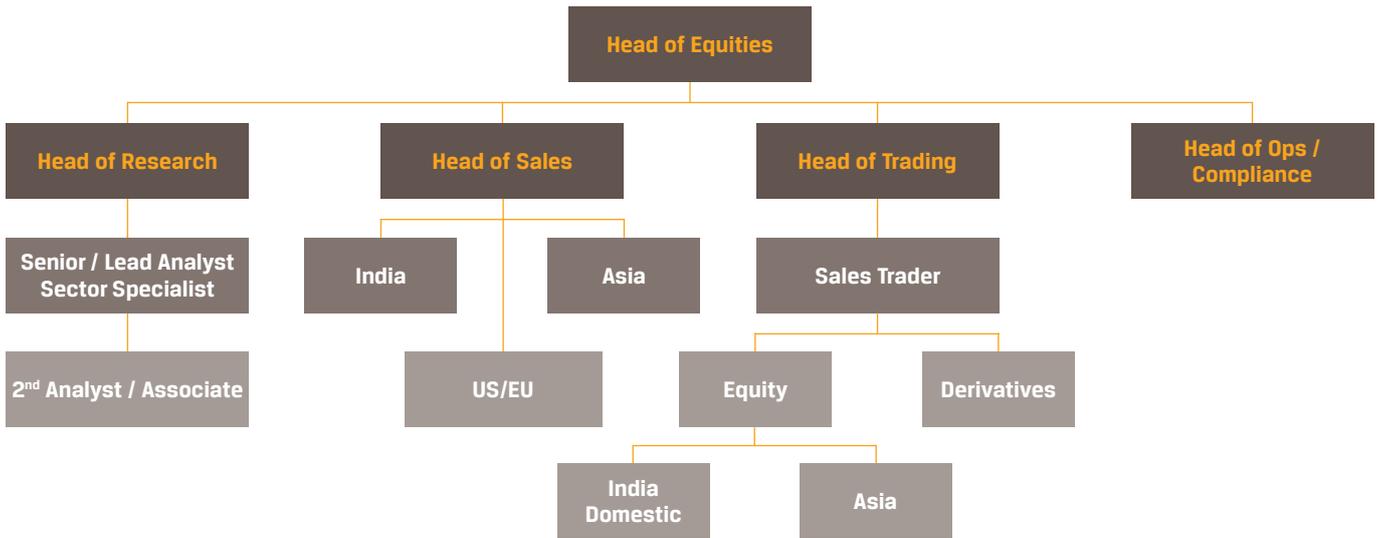
FIG. 1.3 INDIA SELL-SIDE EQUITIES



1.13. ORGANIZATIONAL STRUCTURE

A typical sell-side organization may structure its functions as shown in figure 1.4.

FIG. 1.4 ORGANIZATIONAL STRUCTURE ON THE SELL SIDE



A typical sell-side firm has four main departments: research, sales, trading, and compliance. Each department will need personnel with a sound understanding of investment concepts.

1.14 SELL-SIDE INSTITUTION ROLES

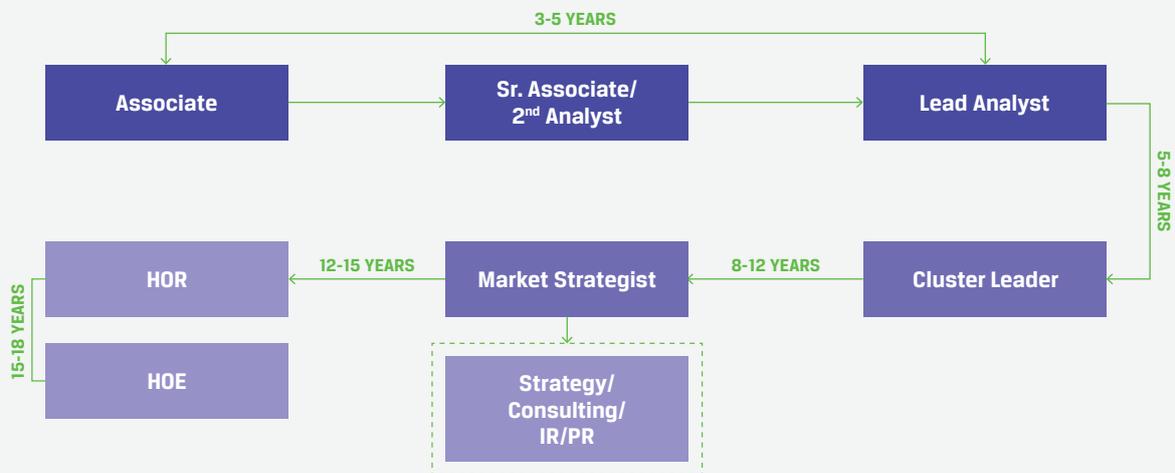
RESEARCH ANALYST/ASSOCIATE:

The research analyst/associate is the entry-level position in a sell-side organization, as with the buy side. Research analysts provide independent and objective investment research. You will collect and analyze financial and other data to build financial models to give an opinion on a company's performance. These associates prepare reports based on their analysis to be circulated within their client groups.

As of June 2022, SEBI had 864 registered research analysts. Even with an assumption of two support associate roles for every registered analyst, India's overall sell-side research analyst job market does not exceed 2,000 analysts. Automation and rapid technological changes pose a threat to the number of available jobs.

Getting into a research position in a sell-side institution is quite challenging. About 100–200 entry-level positions open every year. More than 30–40 candidates compete for one research analyst position. An easier career path is to join leading KPOs for entry-level positions and to build careers from there.

FIG. 1.5 CAREER GRAPH: RESEARCH ANALYST



SALES ASSOCIATE:

A sales associate is responsible for communicating ideas and research generated by analysts to the clients. As a beginner, you will not focus on a particular product or geography. From that perspective, this is a generalist profile. As you move up the hierarchy, the focus tends to be a specific sector, product, or geography, and the job tends to become more specialized.

The sales function is responsible for relationship management between clients and teams. Sales require a grasp of multiple sectors and client psychology. You need to be aware of the client's portfolio requirements. This awareness allows you to offer specific research from the total pool of knowledge generated by the research department.

FIG. 1.6 CAREER GRAPH: SALES

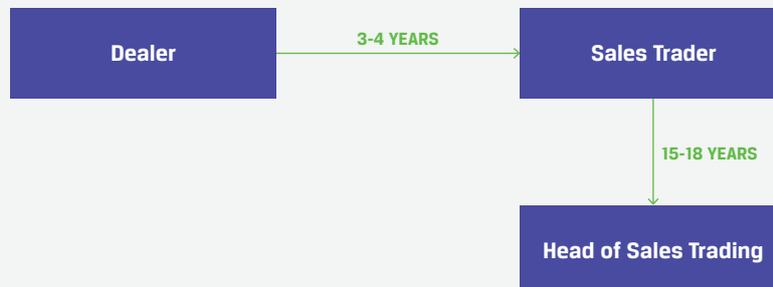


SALES TRADER:

The role of a sales trader or dealer is to execute orders on behalf of clients. You start as an entry-level generalist in either the cash equities or equity derivatives segment. As your career will progress, the role becomes more specialized to a segment. Your primary responsibility is to ensure the best execution for the clients. At a firm that handles buy-side fund orders, execution requires discretion and a quick turnaround. Hence a high level of ethics is essential. You also are expected to build relations with the street (i.e., other shops/funds).

A burgeoning field of traders includes proprietary and quantitative traders. In this role, you also would be devising trading strategies. This requires special skills spanning technical analysis, statistics, mathematics, and coding.

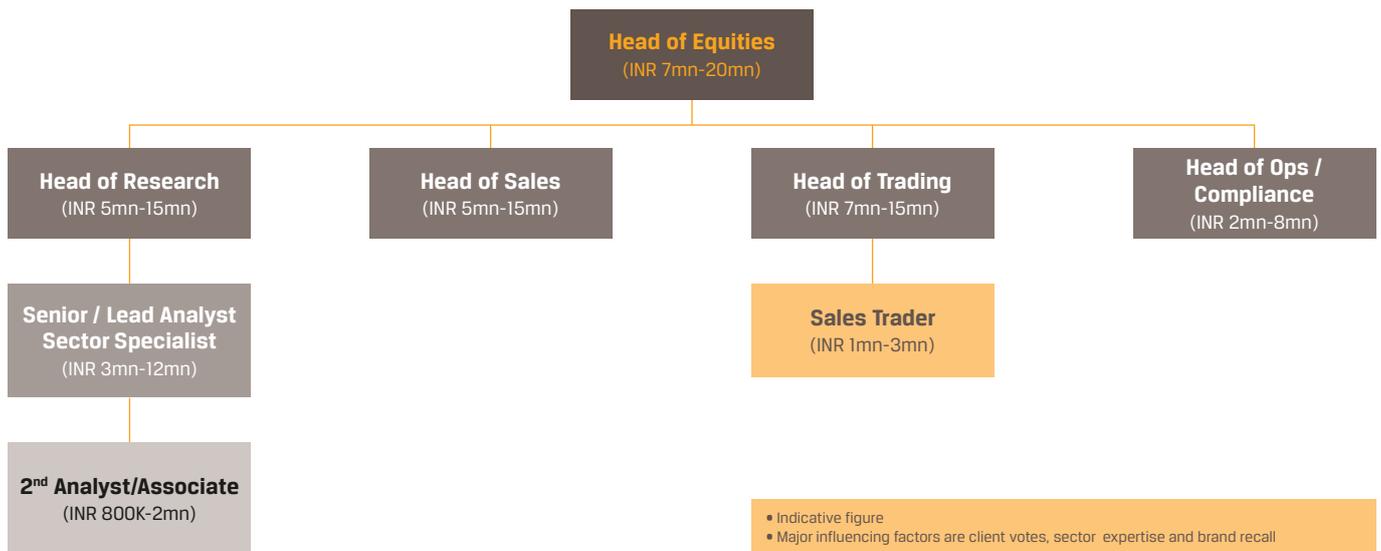
FIG. 1.7 CAREER GRAPH: SALES TRADER



1.15 SELL-SIDE COMPENSATION

Sell-side compensation may be structured as shown in figure 1.8.

FIG. 1.8 COMPENSATION STRUCTURE: SELL-SIDE EQUITIES



* Compensation ranges are indicative only and are based on inputs from industry practitioners and findings from surveys. Compensation may change depending on the type of company, location, and skills and performance of the individual.

1.16 SKILLS AND ATTRIBUTES OF A SELL-SIDE ROLE

All sell-side positions require you to be good with numbers. In particular, the research role needs an enormous appetite to absorb information from multiple sources all the time. Analysts must be particularly good at understanding valuation. The research role demands a personality that can identify and communicate stories, not just numbers; therefore, you must have strong oral and written communication skills. In the long term, it is essential that you have the confidence to stick with your convictions. A suspicious and curious nature is beneficial. Research and compliance roles demand a detail-oriented personality.

To be successful in sales requires an affable, outgoing nature and an ability to form relationships. Salespeople need to have good people skills. In addition, salespeople need to be aggressive enough to sell their ideas.

The best traders are nimble and emotionally stable in a high-pressure environment; trading positions demand ultrafast responses and agile thinking. Trading jobs are among the most vulnerable to technology. Sophisticated automated trading engines have directly affected headcount requirements on trading desks. Research and analysis, too, are vulnerable to technological advances. Sales and compliance roles are slightly better insulated from technological progress. Chartered Accountancy (CA), master of business administration (MBA), and other postgraduate qualifications are beneficial, but completing the CFA Program assures employers that you have a common global knowledge base.

According to the CFA Institute "Investment Professional of the Future" report, financial professionals build their technological skills irrespective of their roles. In addition to technology, you will need to find newer and better ways to build relationships. Building a personal brand becomes an important area of focus in this context.

As you contemplate a sell-side career, it is essential that you know that these roles are regulated and require the utmost professionalism. Your actions can have grave consequences, including internal censure, reputational damage, and job loss. These circumstances may be beyond your control, and hence, it is vital that you are always focused on the competencies required for your role.

Career progression in a sell-side institution is related to the amount of revenue you bring. Revenue contribution is often measured in votes that the buy side gives to the firm's work. The other major factor is brand recall and expertise recognition. In time, good analysts can become significant influencers in the market and rise very fast to take on progressive higher salaries and roles.

For more career guidance, visit the CFA Institute Competency Framework at <https://interactive.cfainstitute.org/cpd-framework-feedback/table-152ZL-893RF.html>

1.17 BEYOND THE SELL SIDE

A sell-side role provides you with skills that can be migrated to other financial services. For example, a sell-side analyst can switch to being a buy-side analyst, can become an independent fund manager, or can take on wealth management roles. People in sell-side sales roles become good candidates for the product function in a buy-side house. Sell-side traders may join the buy side in similar positions. Like sell-side analysts, sell-side salespeople and traders also can migrate to wealth management roles.

1.18 COMMON INTERVIEW QUESTIONS

GENERAL:

1. What books have you read? Walk me through one book you like.
2. What makes you suitable for this job?
3. Convince me that you are an ethically upright person.
4. Are you curious? Can you give me examples of "your curiosity" in action?
5. Give me an example of your contribution to the environment?

VALUATION:

1. In a discounted cash flow, do you get the most value from the terminal value or the final year of valuation?
2. A company bought US\$100 million worth of equipment. Walk me through the P&L statement for this company.
3. If the return on invested capital for the NSE 100 index has been trending at 10% for the past 10 years, what will be the investor's return on capital on NSE 100?
4. Which of the following sectors will have very high fixed assets: manufacturing, services, and/or trading?
5. Defend the statement "active management is not good for the end investor."

1.19 COMMON ROLES ON THE BUY SIDE AND THE SELL SIDE

OPERATIONS:

Operations are the backbone of any investment organization. This department settles trades and manages cash flows from subscriptions and redemptions. It requires extreme attention to detail, quick response time, and deep product knowledge.

With the increasing advent of the global offshoring model, this area is becoming increasingly lucrative. Global AMCs are offshoring their global operations from different jurisdictions. A large part of this work gets done in India. This area offers plentiful opportunities and reasonable growth.

COMPLIANCE:

The compliance department ensures adherence to the fund and client regulatory guidelines. This department also ensures that investment decisions are taken in accordance with client mandates. The work, however, is not limited to ticking boxes. It also requires you to understand the best practices globally and to bring them onboard. A combination of finance and law background is ideal for this profile.

After the Great Financial Crisis of 2008, compliance has gained significant prominence. Front-office roles have been contracting, but compliance roles have been expanding. This department traditionally was staffed with lawyers and company secretaries, but CFA® charterholders increasingly are holding this office. With a deep emphasis on ethics in the CFA® curriculum and sophisticated knowledge of financial products, charterholders are well suited for meeting the requirements of this profile.

CFA Institute Career Portal regularly carries job openings. It is, however, quite important to network and find out from your network if you can get a direct connection with hiring managers. Regardless of job function and whether or not you are employed, it is vital for every investment professional to develop well-reasoned and articulate opinions. Having well-articulated sectoral views and detailed company models will make you stand out in interviews. A portfolio of well-written blogs can be a powerful distinguisher among candidates. At the entry level, the number of followers you have may not matter. A significant presence on social media, however, is a plus.



Every setback or failure is a blessing in disguise. It allows you time to introspect and think about what could be done differently the next time. When you fail, it is your efforts that fail and not you personally, so please differentiate between the two and continue the journey. The important aspect is to keep moving and becoming better each day.

BIHARILAL DEORA, CFA

- 2002 – Graduated in commerce from Veer Narmad South Gujarat University in Surat
- 2004 – Became chartered accountant with all-India rank
- 2004 – Joined chartered accountancy firm doing copyrights, system audits, and trademarks
- 2005 – Moved to Sutherland (erstwhile Adventity) as a hedge fund associate covering distressed debt in airlines, auto, and oil/gas sectors
- 2006 – Joined Fidelity, Bangalore, as credit associate covering global oil/gas, chemicals, metals, and utilities
- 2009 – Earned the CFA® charter
- 2009 – Cleared the Certified Financial Planner examination and also earned a diploma in International Financial Reporting
- 2010 – Joined Credit Suisse working with the Hong Kong SAR trading desk, covering India, Hong Kong SAR, and Australia
- 2012 – Started entrepreneurial journey with family office consulting and academic advisory
- 2018 – Joined Abakkus as COO/director to set up domestic and offshore asset management business



To start driving a car, besides knowing the theory, you also have to know the gear box, accelerator, and break; you can't get a license without passing a practical driving test. Similarly, the CFA® Program is designed as a "combo," which covers practical experience as well as the reading material. Talking about my experience, I found it very difficult trying to do both in parallel. A busy job in capital markets made it difficult to read after office hours. At one stage I gave up, but I realized work experience is important to attain your CFA charter. So, I changed my approach-for five days a week, I focused on office work without worrying about getting time to read after office hours, and during the weekend, I focused on the CFA Program learning material. This worked very well, and I could get the best of both-I completed all three levels and immediately also got my CFA charter.

ANIL GHELANI, CFA



- 1998 – Started career in auditing and assurance
- 2000 – Earned a bachelor's degree in commerce
- 2001 – Became a chartered accountant
- 2003 – Moved to the asset management industry in fund accounting and operations role
- 2006 – Earned the CFA® charter
- 2006 – Pivoted career to risk management, ultimately becoming head of risk and quantitative analysis
- 2013 – Pivoted career and became CEO and CIO at Pension Fund Management subsidiary
- 2017 – Named head of passive investments and products

02 DEBT



The debt capital market (DCM) broadly encompasses all forms of nonequity, nondilutive components of capital. The market participants are depository, central counterparty, regulator, credit rating agencies, and institutions that issue the debt and the investors. Investment bankers and brokers help the issuers raise debt and the investors investing in such debt. Segregation of issuers of debt is done by market segment: the sovereign issuer, the public sector, municipal bonds, and the private sector. The investors range from the Reserve Bank of India (RBI), development finance institutions (DFIs), banks, pension funds, foreign institutional investors (FIIs), corporates, provident funds, insurance companies, trusts, mutual funds, and individuals.

2.1 SECTOR DESCRIPTION: BUY-SIDE DEBT

Multiple institutions form the buy side of debt, each having a different target to achieve by investing in debt. Central banks invest in debt for monetary policy and systemic liquidity management. Banks and pension and provident funds invest in managing their liabilities in a risk-averse manner, as permitted by their mandates. Money managers like FIIs, DFIs, trusts, mutual funds, and individuals invest to earn superior risk-adjusted returns and asset allocation. The structure and skillset required remain essentially the same across money managers, although their mandates might differ.

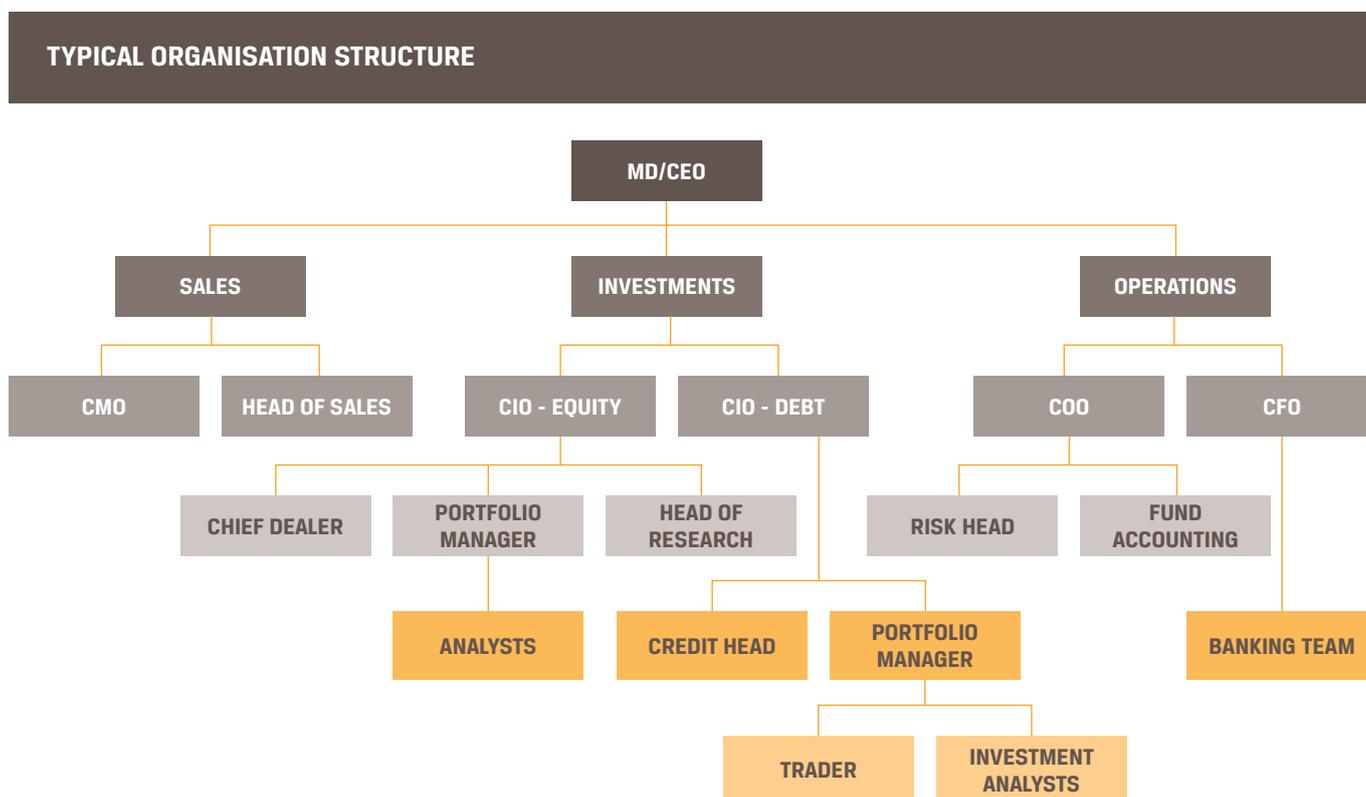
The outlook for the mutual fund industry seems bright, as the current penetration levels are close to 4% of gross domestic product (GDP) compared with penetration in other countries, where it ranges from 8% to 18% of GDP. The current market orientation of assets broadly is 42.5% of assets under equity-oriented schemes, 22.7% under liquid/money market, 28.4% under debt-oriented schemes, and the balance 1–2% in exchange-traded funds (ETFs) and fund of funds (FoFs).

These numbers show that mainly two asset classes drive the mutual fund engagement in India, namely debt and equities. A similar trend is noted in the job market as well. Institutions heavily dominate the liquid/ money market mutual fund segment. Quite the opposite is pointed out in the case of equity-oriented schemes, in which the retail/individual investors dominate the pie. Institutions use liquid funds as a cash management tool, and hence approximately 42% of institutional money is invested in liquid/money market schemes.

2.2 BUY-SIDE ORGANIZATIONAL STRUCTURE

The managing director (MD) and chief executive officer (CEO) lead the AMC and report to the board. The three broad functions within an AMC are sales, investments, and operations. Sales and investments resemble the heart and lungs of the body, and the operations function is more about back-office operations. A buy-side organization may structure its functions as shown in figure 2.1.

FIG. 2.1 ORGANIZATIONAL STRUCTURE



2.3 BUY-SIDE ORGANIZATIONAL ROLES

SALES:

The sales team has the job of attracting investors to invest with the fund house. Under the sales function, the head of sales and the chief marketing officer reports to the MD/CEO. Their respective roles are to manage the advertisement spending and bring about sales for the AMC.

HEAD OF SALES:

The head of sales fills various sales roles like institutional and retail positions. Depending on the organization, a differentiation based on geography, such as a national distributor reports to a channel head. There are several roles under the head of sales.

INVESTMENTS:

Under the investments function, several analysts keep track of various companies, macros, and sectors and report to the head of research/credit head. The head of research/credit head typically interacts with the PMs, who makes decisions regarding the addition and deletion in the portfolio based on inputs from the research team. The PM and research/credit head report to the chief investment officer (CIO) of debt/equity. Dealers and traders primarily handle deal execution in the market.

ANALYST/CREDIT ANALYST:

A credit analyst provides independent opinion and highlights critical risks and concerns of an investment. They build and maintain financial models and prepare credit proposals to be presented to the credit committee. An essential activity is to monitor and review company filings, transcripts, quarterly results, and company news.

An analyst is required to know the macro trends in the industry, study, and model the interest rate direction. Analysts are supposed to provide their inputs to the PM and engage in meaningful discussion.

TRADER:

The main job of a trader is deal execution. Traders are required to constantly perform macro analysis. A trader's performance is judged by the efficiency of trades, through the spreads that they can achieve on the deals. Negotiation is a vital part of their job. AUM of about INR8 trillion is the short-term scheme, and INR 1 trillion is the long-term scheme. On the shorter end of the curve beyond government securities, most everything gets traded in the over-the-counter (OTC) market through voice trades. Negotiations are essential, and the need to convey the prices that can influence market prices. Traders build an information network to achieve all this. They also help the PM in fund performance as they strive to achieve the best execution, which directly adds to portfolio performance.

PORTFOLIO MANAGER:

The job of a PM is to manage the fund against a benchmark index and outperform its peers. They also face the clients and are required to explain the fund's characteristics to investors. A manager is supposed to understand the interest rate cycle and credit cycle. They are expected to run the fund under stringent regulations. An organization can have multiple PMs based on the size of the fund. The role of the PM can be based on the terms of the products and the type of products.

CREDIT HEAD:

The role of a credit head is to identify investment and lending opportunities and names. They recommend credit proposals and risk limits. Credit heads have the credit analyst report to them, and hence, team management is an integral part of their job. The PM depends on the credit head for portfolio management by ensuring diversification across sectors and ratings.

CIO DEBT:

The CIO is responsible for the fund performance of various schemes. Their job is to manage and develop the business by inviting larger investors. They are the final authority on funds following all the regulations. Since the portfolio management and credit function is directly under CIOs, team building is an important part. Because they are the face of the schemes and fund house, they are responsible for communicating their views as well as the fund's view to the investors.

OPERATIONS:

Under the operations function, the chief operating officer (COO) and chief financial officer (CFO) report to the MD/CEO. The risk head, which ensures risk management for the enterprise and the fund accounting team, overlooks valuation of securities and deriving day-end values for various schemes, and both report to the COO. The CFO and the banking team examine banking relationships and borrowing requirements as and when needed by the AMC.

RISK HEAD:

The risk head's role is to decide the suitability of the investment; in some organizations, the credit head report to the risk head. This inherently removes the conflict of interest as credit operates independently.

FUND ACCOUNTANT:

The role of a fund accountant is to keep track of valuation and securities. Fund accounting as a function can be an outsourced function.

CFO:

The role of a CFO is to maintain the relationships and manage the borrowings. The CFO governs all New Fund Offers (NFOs).

2.4 COMPENSATION

Buy-side compensation may be structured as shown in figure 2.2.

FIG. 2.2 TYPICAL COMPENSATION

TYPICAL COMPENSATION		
Designation	Total Compensation (including variable)	ESOPS
CIO/Head - Fixed income	INR 1 cr. - INR 4 crs.	Some AMCs allot depending on time & seniority
Portfolio Managers	INR 50 Lks - INR 2 crs.	
Head Credit	INR 50 Lks - INR 1.5 crs.	
Credit Analyst/Dealer/Trader/Investments Analyst	INR 10 Lks - INR 40 Lks	

Compensation ranges are indicative only and are based on inputs from industry practitioners and findings from surveys. Compensation may change depending on the type of company, location, and skills and performance of the individual.

2.5 SKILLS AND COMPETENCIES

TECHNICAL SKILLS:

Every job role in the debt buy-side industry asks for the below technical skills at the minimum; some are prioritized higher based on the department:

- Financial modeling and valuation
- Being well-versed with all asset classes
- Risk management skills
- Numeric abilities and eye for details
- Reading extensively and keeping yourself updated

SOFT SKILLS:

As your career progresses, your work is answerable to multiple stakeholders like clients, management, and internal

teams that weren't a part of your work at the beginning. The following skills need to be honed:

- Communication
- Negotiation
- Listening
- Coordinating
- Attention to detail
- Work ethic

ROLE-WISE COMPETENCIES:

Each role requires a different mix of skills. And as your career progresses, specific skills get reprioritized, and an employee is required to sharpen them.

FIG. 2.3 ROLL-WISE COMPETENCIES

ROLE-WISE COMPETENCIES				
	SKILLS	TRADER	PORTFOLIO MANAGER	RESEARCH ANALYST
HARD SKILLS	Numerical Abilities	H	M	H
	Analytical Abilities	H	H	H
	Reading Habit	M	H	H
	Financial Spreadsheet Analysis	H	M	H
	Risk Management	H	M	L
	Data Gathering & Research	M	-	H
	Writing	-	H	H
	Knowledge – Marketing & Industry Eco	-	H	M
SOFT SKILLS	Critical Thinking	H	H	H
	Integrity	H	H	H
	Verbal Communication	M	H	M
	Negotiation	H	M	L
	Listening	H	H	H
	People Management	L	H	L

2.6 INTERVIEWING FOR THE BUY SIDE

To prepare for an interview, a candidate should do the following homework:

- Analyze the job
- Research the company
- Be firm with the technical knowledge
- Exhibit ambition and passion
- Know what accomplishments you've made on the job
- Be open to learning new things
- Display confidence
- Be yourself

A typical interview is focused on assessing the candidate's skills, both hard and soft. Hard skills are evident from courses attended and academic achievements. Soft skills are gauged by asking questions about ethics, passion, and logical thinking.



”

Value time as that is the cornerstone of any planning.

DWIJEDRA SRIVASTAVA, CFA

- 1995 – Earned a bachelor's degree in textile technology
- 1999 – Earned a postgraduate diploma in management
- 1999 – Joined Indo Swiss Financial Software Company as a financial research analyst
- 2008 – Moved to Deutsche Asset Management as vice president and portfolio manager of fixed income
- 2009 – Earned the CFA® charter
- 2010 – Joined Sundaram Asset Management as head of fixed income
- 2014 – Promoted to CIO of fixed income

“

Keep stepping out of your comfort zone. Experiment and dabble in uncharted territories to keep learning and pushing your boundaries.

SUNAINA DA CUNHA, CFA



- 2004 – Completed an MBA in finance from Faculty of Management Studies (FMS), University of Delhi
- 2004 – Joined Aditya Birla Management Corporation Pvt. Ltd. as group management trainee
- 2005 – Joined Aditya Birla Sun Life Asset Management Company as credit analyst
- 2008 – Became a fund manager at Aditya Birla Sun Life
- 2008 – Earned the CFA® charter
- 2021 – Promoted to co-head of fixed income (credit)

2.7 SECTION DESCRIPTION: SELL-SIDE DEBT

The sell side of DCM helps structure a debt issue based on what they feel will clear the market at a price acceptable to both the issuer and investor. These institutions will be responsible for helping draft the terms and covenants of the debt and market the debt to investors and provide constant market commentary to both sides. The work broadly relates

to the origination side of DCMs. The syndication side is called debt syndicate or DCM syndications. Sell-side institutions are intermediaries between issuers (corporate, financials, and sovereigns) and the buy side.

2.8 SELL-SIDE ORGANISATIONAL STRUCTURE

A sell-side organization may structure its functions as shown in figure 2.4.

FIG. 2.4 SELL-SIDE ORGANIZATIONAL STRUCTURE

DEBT CAPITAL MARKETS (DOMESTIC) – SELL SIDE

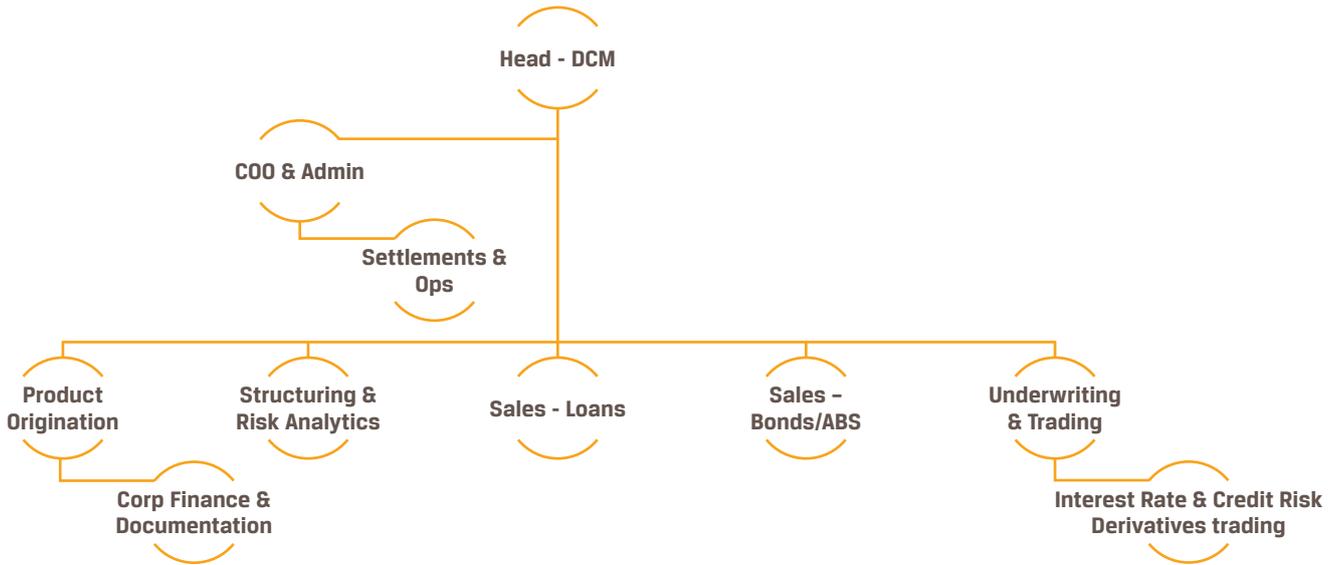


FIG. 2.5 GLOBAL DCM PLATFORM

ADDED ELEMENTS IN A GLOBAL DCM PLATFORM – SELL SIDE

■ Research – Macro, Fixed Income, Credit

■ Strategist

■ Syndicate Group

■ Sales is super-specialized, such as

- Hedge Fund Sales -Interest Rate / Macro Sales -Credit Sales
- Structured Credit Sales -Private Banking Sales -Geographical Sales

■ Origination Machinery may be focused on

- Product type -Issuer type -Geographical

■ Funding desk

- Repo, Structured Notes

■ Treasury Risk Management

2.9 DOMESTIC SELL-SIDE ORGANIZATION ROLES

PRODUCT TEAM:

The product team works directly with corporate bankers and multiple other channels to reach out to fund houses and shops that require capital. The product origination team also will have a corporate finance/documentation team working on the regulatory aspect before any debt issue is taken to a market. The product team fine-tunes the nuances between different products, such as bonds and asset-backed securities (ABS).

Debt origination teams work with an industry coverage team to present thoughts on financing alternatives in the current market.

UNDERWRITING AND INTERNAL STRUCTURING:

The underwriting team spends time dissecting the borrower's financial numbers, projection, end-use of funding, transaction analytics, business unit overviews, and comparable analysis. They assess the various risks associated with the debt issue, ultimately making it comfortable for investors and in-house committee approvals not required. Underwriting is an independent function. This function works alongside the origination team, but it does not 'fit with the origination function. This function will work with the investment committee.

SALES:

The sales team or the syndication unit will, on an ongoing basis, take the transaction to the co-lenders, ultimately generating business for the firm by onboarding new clients. A further subdivision can be made based on products like loans and bonds and ABS. Their job will be to reach out to a variety of investors to get them on board to invest in the new issue.

The sales team prepares the sales pitch, which included the offering summary (the purpose of the offering), key dates and road show schedule (an abbreviated timetable outlining the sequences of marketing to investors to offering pricing), summary financials, company overview, investment highlights (why the investors should participate), summary valuation, products/services overview, growth strategy, sources and uses, capitalisation, comparable analysis and operations benchmarking, and risk factors.

UNDERWRITING AND TRADING:

The underwriting function is independent of origination and sales. Underwriting is a crucial mandate and part of the winning criteria. The underwriting team has huge accountability and responsibility because the borrower would depend on the underwriter regardless of how the markets receive the issue. The underwriting team also has a trading team as they need help on trading for market making. The trading team can sit either in a treasury function or separately. They also have a use for solid risk management.

2.10 GLOBAL SELL-SIDE ORGANIZATION ROLES

Beyond the roles in the domestic firm, a global firm has the following expansion:

- Research includes specialized research into macro, fixed income, and credit.
- Sales is divided into high frequency issuer sales, interest rate/macro sales, credit sales, structured credit sales, private banking sales, and geographical sales.
- Origination machinery is further subdivided based on product type, issuer type, and geography.

2.11 COMPETENCIES

Buy-side positions may require the skills shown in figure 2.6.

FIG. 2.6 COMPETENCIES

<p>CFA Course gives most of the necessary technical ingredients:</p> <ul style="list-style-type: none">• Macro-economics• Products• Mathematics• Portfolio management, measurement, valuation• Risk-management• Reading Accounting Statements• Global markets	<p>All these are huge positive and couple with -</p> <ul style="list-style-type: none">• Grip over home-country regulations• Product nuances and tools• Home Market Ecosystem• Operations• Banking framework,• Home-country accounting standards, etc. <p>Skills</p> <ul style="list-style-type: none">• Information gathering, analysing, impact-analysis and predicting outcomes• Communication & Networking Skills
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UNBEATABLE COMBINATION FOR A CFA CHARTERHOLDER TO MAKE A SUCCESSFUL CAREER IN INDIAN DEBT MARKETS

2.12 INTERVIEWING FOR THE SELL SIDE

To prepare for an interview, a candidate should do the following homework:

- Be familiar with macroeconomics, activities of central banks, or the impact of trade policy on rates
- Have a solid understanding of bond analysis: yields, prices, call and put options, the yield to maturity (YTM), and yield to worst (YTW), make-whole analysis, and how companies think about refinancing decisions
- Strive to understand how credit ratings are assigned.

You also should be prepared to discuss debt market trends; you can find that information in market journals and media platforms and sometimes directly from research papers from investment banks.



In addition to functional skills, one needs to have a grasp of the regulatory regime, including evolution, changes, and impact analysis thereon. Do keep abreast of SEBI, RBI, IRDAI, MOF, and PFRDA rules. The deeper analysis provides new vistas of opportunities as well as awareness of compliances. This is especially important for professionals engaged in India.

JAYEN SHAH, CFA

- 1994 – Interned at the Reserve Bank of India
- 1995 – Started professional career in fixed income at Kotak Mahindra, gaining experience in primary bond issuances and in public and private markets
- 1998 – Moved to ABN AMRO, gaining expertise in offshore markets, loan syndication, and foreign exchange
- 2003 – Earned the CFA® charter
- 2006 – Moved to RBS to build their Indian financial institutional practice out of Singapore and was involved in the integration of the RBS-ABN AMRO merger
- 2011 – Joined IDFC and built an award-winning debt capital markets business
- 2018 – Gave wings to entrepreneurial dreams by co-founding Mavuca Capital Advisors and setting up a debt financing business

03 WEALTH MANAGEMENT



3.1 SECTOR DESCRIPTION

India's wealth management sector is at an exciting inflection point. According to the Hurun India Wealth 2020 report, there are 4.12 Lakh households with more than US\$1 million in wealth. Credit Suisse Global Wealth Report 2021 predicts the total wealth of India to increase from US\$12.8 trillion in 2020 to US\$18.4 trillion by 2025. According to United Nations Population Division estimates, India's population will grow at 1.1% this decade. The growth roughly translates to a population of 1.5 billion with a median age of 31-32 years. Around 68% will be in the working-age bracket (conventionally defined as the 15- to 64-year-old age-group), up from 65% in 2011. This unique demographic dividend, rising wealth, and a stringent regulatory framework are all coming together to make wealth management a robust service with immense potential.

Technology and automation-led innovations are disrupting manufacturing activities and a host of services. In contrast, wealth management is seeing an increased demand for human talent. The wealth management industry is transforming from a distribution-led, product push model to more holistic goal-based planning. India currently has around 2,000 registered investment advisers, which is inadequate to serve the growing need for independent wealth management.

3.2 TYPES OF FIRMS

India's wealth management landscape includes a diverse set of players. The lion's share of AUM resides within wealth divisions of large financial institutions, including banks,

brokers, and asset managers. Other key players include the growing number of independent wealth management firms of varying sizes. Rounding off the list are numerous boutique firms and independent financial advisers providing tailor-made solutions to clients. Recent years have seen the emergence of robo-advisers, which are growing in number and popularity.

3.3 CORE ACTIVITIES

Wealth management firms specialize in strategizing and structuring savings and wealth to assist clients to grow, manage, and transfer their wealth. Wealth management brings together financial planning, tax planning, estate planning, family governance, and succession planning.

3.4 ORGANIZATIONAL STRUCTURE

A wealth management firm typically has back-office and administration, middle-office, and front-office functions.

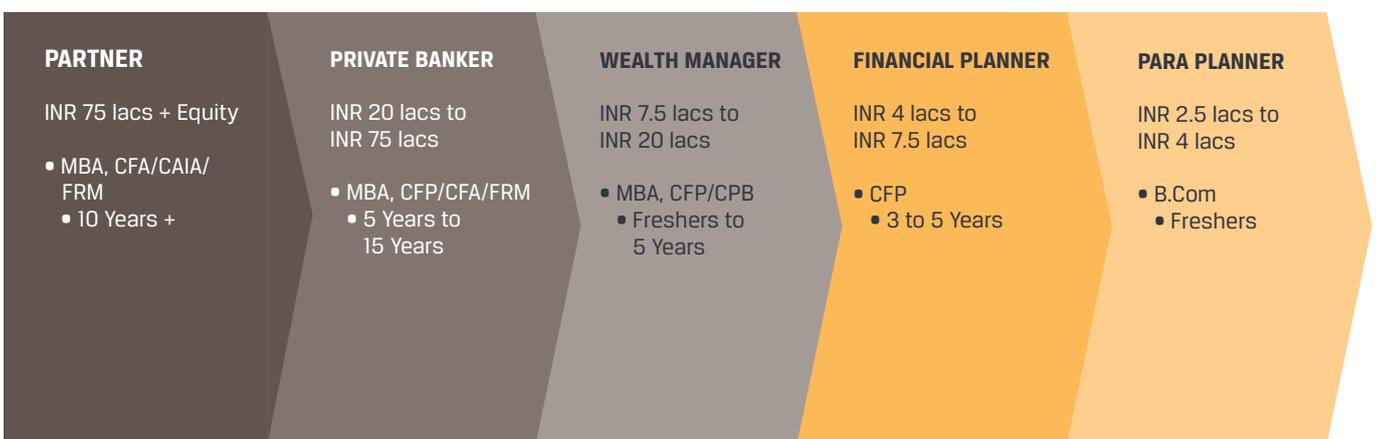
Back-office and administration manage operations, legal and compliance, technology, and facility management. The mid-office is responsible for financial planning, manager selection, advisory, and investment management. The front office engages in client acquisition and onboarding, portfolio review, product fulfillment, and revenue realization.

3.5 ROLES AND COMPENSATION

Wealth management positions may require the skills shown in figure 3.1.

FIG. 3.1 COMPETENCIES

ROLES, QUALIFICATIONS & COMPENSATIONS



* Compensation ranges are indicative only and are based on inputs from industry practitioners and findings from surveys. Compensation may change depending on the type of company, location, and skills and performance of the individual.

Career trajectory and compensation in wealth management is broadly a function of experience and the book you can build.

PARA PLANNER:

Starting as a para planner does not require specific certifications, and you can begin fresh out of college. The job description usually involves creating financial plans, cash flow modeling, and projections for clients' life stages. It is similar to an internship and entails working under a financial planner. It is usually not a client-facing profile.

FINANCIAL PLANNER:

To begin as, or graduate to, a financial planner, requires certification like Chartered Financial Planner (CFP) and experience of three to five years. Clearing the CFA® Level I and II exams will set you up for the role of a financial planner. It does not meet, however, the regulatory requirements in India. Hence, certifications like CFP or other recognized certifications are essential.

An excellent way to start is as a relationship manager for mass-affluent clients at a bank, national distributor, or an independent advisory firm. From there, you can progress in the same organization or set up your own firm.

WEALTH MANAGER:

A wealth manager moves from managing retail clients to mass-affluent clients, typically with a relationship level of INR 3 and 5 million. Firms do not usually require a candidate to have a CFA charter for this profile. A qualification like an MBA or CFP is necessary.

PRIVATE BANKER:

A private banker handles a few large clients, typically high-net-worth individuals (HNIs) and ultra-high-net-worth individuals (UHNIs). Acquisition of clients along with managing the clients is critical to private banking and growing a book.

Until now, wealth management in India has functioned as an offshoot of brokerage, Investment Bank (IB). It is only recently that it has evolved as a domain. With this, there is a realization that competent and qualified talent with a nuanced understanding of client needs is required. The gap in talent acquisition is especially true for HNI and UHNI segments because of increasingly complex choices. Hence, the CFA charter may be preferred in addition to an MBA. To qualify as a senior private banker, 10–15 years of experience is essential.

PARTNER:

A partner has owner equity in an organization. Equity can be earned through employee stock ownership plans (ESOPs) or direct equity participation. Ideally, it would take 15 years of experience to become a partner.

The book size primarily determines compensation for both a private banker and a partner. There is immense scalability in terms of book size and hence earnings at both roles. These roles are essentially client-facing and require handling a team that takes care of investment proposals, manager evaluation, selection, and execution.

Starting on your own from the beginning or at any point in this trajectory is an option. Setting up an advisory firm is not capital intensive and, at scale, has remarkable return on investment (ROI).

3.6 SKILLS

TECHNICAL SKILLS:

Technical skills like financial planning, performance measurement, evaluation and reporting, and investment idea generation are essential in the initial stages. Business development, portfolio construction, and investment strategy become more meaningful as you progress. Behavioral awareness and client profiling are essential parts of the job at all career stages. A partner also might be involved in firm management and governance. Understanding and

appreciating data science and other computer science-related competencies are helpful if fintech is a desired area of work but can be an added advantage even at other organizations. Along with these, being analytical and knowledgeable about what is happening in the financial markets, a thorough understanding of different asset classes, being aware of factors affecting a client's portfolio, and networking are also crucial.

SOFT SKILLS:

Financial advice has evolved from stockbrokers and accountants giving investment advice to distribution-led models to currently being led by fee-based fiduciary managers. This evolution has brought forth a focus on soft skills and the right attitude. Managing client behaviour and maintaining client relationships have become the cornerstone of wealth management globally. Building relationships where the client can trust you and engage in deeper conversations about their philosophy and goals is vital and paramount. In addition to knowledge of markets, product awareness, and portfolio review, the critical skillsets are getting along with people, leveraging networks and communities, and having a keen sense of empathy for clients.

To move up the hierarchy and be in the industry's upper echelon will require having a growth mindset and the ability to see the big picture. Other essential personality traits are being self-motivated, having a fiduciary attitude, being flexible and willing to take healthy risks, and developing a solid support team.

3.7 HOW THE CFA PROGRAM HELPS

Having the CFA® designation is a differentiating factor and provides a competitive edge. It also meets educational prerequisites to register as a registered investment adviser (RIA) with SEBI in India. A large part of the current advisory sector is conflicted and not adapting to the fee-only model. Being a fiduciary can set you apart because the interest lies

with the client and not the product. A proper qualification also shows commitment to the industry. There are very few qualified advisors because, until recently, the industry and clients did not give much credence to advisers' educational qualifications and professional competencies. Now clients with better knowledge and understanding of the financial markets prefer knowledgeable, competent, focused, and committed individuals.

3.8 RESOURCES

The CFA Program is an excellent resource that aspirants can refer to when preparing for a career in wealth management. In addition, they would be well advised to consult literature related to financial planning and risk profiling, and well-known books on investments, valuation, and behavioral finance. Familiarity of popular wealth management software is a plus.

3.9 INTERVIEWING FOR WEALTH MANAGEMENT ROLES

Firms would want to test your understanding of macro and markets, knowledge of various asset classes, risk analysis, and portfolio management. For investment advisory roles, you need to have a solid understanding of asset allocation framework and various products across asset classes. You should be able to carry out portfolio reviews and due diligence in accordance with the client's risk profile. However, these are not enough. Employers also look for key soft skills, including listening skills, ability to articulate, convince prospects, and explain complex products to them. Building a network of wealthy individuals is crucial for success in this industry.

For experienced hires, employers would want to assess the pedigree, vintage, and value of AUMs as well as their ability to move that book to their new employer.



The CFA charter is a recognition of one's skills, learning, and ability. Being among the most renowned designations in the investment world, it creates a level playing field among the world's talent pool. Receiving the CFA charter while working at an MNC bank propelled my career graph.

RAJENDRA KALUR, CFA

- 1989 – Received a bachelor's degree in economics and joined United India as an administrative officer
- 1995 – After a stint in GIC asset management company, joined DSP Merrill Lynch and set up the distribution function in eastern India
- 1998 – Moved to Prudential ICICI asset management company and established its operations in the eastern region
- 2004 – Earned an MBA from Cranfield School of Management
- 2005 – Joined RBS as vice president; went on to head investment services and client portfolio management
- 2010 – Moved to TrustPlutus Wealth Managers (India) as CEO
- 2013 – Earned the CFA® charter
- 2019 – Turned independent, providing management consulting in financial services



With the most basic educational background and having taken the decision to get back to books after 15 years, I cleared all the levels in the first attempt. It is never too late to make a beginning. If you are passionate about learning, success will follow!

PUJA MASAND, CFA



- 1997 – Earned a bachelor's degree in commerce
- 1998 – Joined a private sector bank in customer service
- 2001 – Moved to an multinational corporate (MNC) bank in customer services
- 2007 – Moved to wealth management as a relationship manager with the same MNC bank
- 2012 – Earned the CFA® charter
- 2012 – Moved to an MNC as a financial adviser/associate vice president
- 2014 – Promoted to vice president
- 2016 – Joined an MNC bank as a private banker

04 INVESTMENT BANKING



4.1 SECTOR DESCRIPTION

Investment banks serve as a bridge between the entities that demand capital (like corporations) and those that supply capital (mainly investors). The other critical functions performed are advisory on mergers and acquisitions, research, and trading. Reputed and leading investment banking firms have the connections, partnerships, and requisite technical know-how. This allows them to attract top-tier clients and potential investors.

The research firm Tracxn reports a total of 624 investment banks in India. Out of this, as of March 2021, 215 merchant banking firms are registered with SEBI. The industry employs around 3,500 professionals in the core roles. After years of suppressed hiring in the sector, an average business now employs more workers. Hiring thrived owing to a boom in merger and acquisition (M&A) deals and initial public offerings (IPOs) in the post pandemic era.

4.2 TYPES OF FIRMS

Thanks to the country's strong economic growth, the investment banking industry has developed rapidly. Today, many dominant multinational and Indian banks have dotted the industry landscape. Multinational banks are more active than domestic peers in sizeable inbound and outbound transactions. Therefore, multinational banks have a significant share in overall M&A transactions. A few of the multinational players in India are J.P. Morgan, Morgan Stanley, Bank of America, Barclays, Goldman Sachs, Citibank, and Credit Suisse. The investment banking divisions of leading Indian banks such as Axis, ICICI, SBI,

Kotak, and HDFC actively are working for public and private sector clients. Additionally, the industry flourishes with hundreds of boutique investment banks serving a few clients. Prominent boutique IB firms are MAPE Capital, Aventus Capital, Veda Corporate Advisors, and Dinodia Capital Advisors.

4.3 CORE ACTIVITIES

CORPORATE FINANCE/INVESTMENT BANKING SERVICES:

A typical investment bank has product teams that focus on a particular sector. I-Bankers frequently follow sectors like real estate, consumer, financial services, technology, oil and gas, healthcare, hospitality, and chemicals. Product teams are categorized based on services offered:

- Equity Capital Market (ECM) services—floating IPOs and rights issues, including securities underwriting
- DCM services—issuing senior and subordinated bonds
- M&A services, including strategic advisory
- Customized derivative services
- Other financial services like margin financing

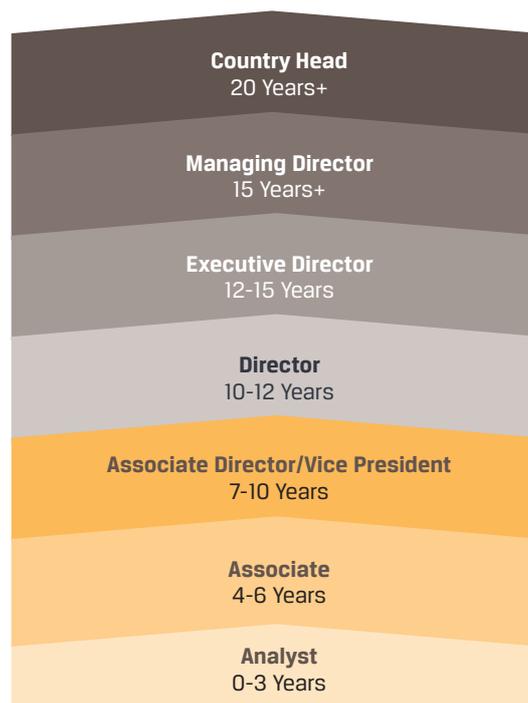
OTHER ACTIVITIES:

I-Bankers may engage in other activities such as asset management, sales and trading, research, and risk management.

4.4 ORGANIZATIONAL STRUCTURE

An Investment Bank broadly may structure its functions as shown in figure 4.1.

FIG. 4.1 INVESTMENT BANKING HIERARCHY



4.5 ROLES

Various roles in an I-Bank are analyst, associate, vice president (VP), director, executive director (ED), MD, and Country Head. The tasks performed in various roles have two major parts. The first is deal origination, and the second is deal execution. Both are equally important. It is possible to work on deal origination only after years of rich experience in deal execution. Deal execution broadly includes three things:

- Documentation for an investor pitch, marketing, and pricing
- Regulatory compliance and related work
- Coordination with all intermediaries, such as lawyers, valuers, investors, and due diligence partners

Workflow is executed from the bottom up. Analysts develop the material, which is quickly approved up the team hierarchy. Associates and senior associates handle more deal execution and delivery responsibilities than analysts.

The responsibility of deal origination typically starts at the level of director. It usually takes around 13–15 years in career progression from analyst to executive director. For MD, it is essential to become a sector specialist and head the P&L responsibility of that division. Topmost in the hierarchy is the country head, who is responsible for all the activities of an investment bank in a country.

ATTRIBUTES OF AN INVESTMENT BANKING ROLE:

An intellectually stimulating job with excruciating working hours

Investment banking is a popular career choice for many CFA Program candidates and CFA charterholders. It is lucrative, intellectually stimulating, and offers high growth opportunities. You can obtain practical insights into the power and influence of networking. Employees vitalize their careers by pursuing roles across different products, sectors, and geographies. The dark side, however, is that every role in an IB firm is high pressure. The working hours are long and unpredictable. If you have a genuine interest in getting your foot in the door, get ready to enjoy working under pressure. The job ultimately will teach you the ins and outs of corporate finance and how to survive in an intense work environment.

Chinese Wall

Investment bankers work on private or material non-public information of companies shared by their clients. There is a Chinese wall that restricts the exchange of information between investment banking and other divisions like trading or research. These divisions work with publicly

available information and serve a different set of investors. Acting on material non-public information violates the Code of Ethics set by CFA Institute. Be careful while dealing with sensitive information.

Reputation Is Key

Reputation, credibility, and trust are the hallmarks of a successful investment banker.

4.6 COMPENSATION

The basic salary starts around INR 5-7 lakhs for an analyst, followed by INR 8-10 lakhs for an associate, INR for a senior associate, INR 20-40 lakhs for a VP, INR 40 lakhs+ for a director, and may cross INR 1 for an MD with more than 20 years of experience. Investment banking professionals are compensated with shared profits and bonuses. We present an indicative range, and actual compensations differ from firm to firm. International banks tend to pay better than their Indian counterparts.

4.7 SKILLS REQUIRED

Investment Banking makes sense to those who can keep pushing limits in a result-driven environment. Deal execution requires sector expertise, strong business acumen, understanding of client requirements, and strong relationship with clients. Analysts will routinely develop and prepare client presentation materials like pitch books, roadshow presentations, and request for proposal (RFP) responses.

Key skills required are as follows:

- Love for transactional work, and strong attention to detail
- Strong communication skills, both written and oral
- Quantitative and technical skills, including in-depth industry and company analysis, financial and valuation modeling knowledge, including mergers and acquisitions (M&A) and leveraged buyouts (LBOs)
- Strong work ethic, teamwork, and time management skills
- Steep learning curve, for both hard working and smart working

The most critical aspect is an "aptitude towards work and ready to take more responsibilities."

Graduates hailing from business communication and business technology can join as analysts. An analyst typically works for three to four years and may pursue MBA, a master's degree in finance, or advanced certifications like CFA Program.

4.8 HOW THE CFA PROGRAM HELPS

CFA curriculum provides exposure to International Accounting Standards, financial analysis, corporate finance, and valuation of different asset classes. It is one of the most respected designations globally and is considered the gold standard in investment analysis. The CFA designation is desirable for an investment banker, given the financial knowledge that comes with it.

4.9 RESOURCES

Generally, Investment Bankers hire from top reputed colleges for junior roles. If you have not graduated from a top-ranked college, it is challenging to break into the industry. Hiring managers have a longer list of applicants than they know what to do with. Sending a resume alone will never be enough. Hiring will be easier with employee referrals. Hence, networking and building the right connections will be inevitable. Also, the key is to start preparing for interviews early on. Know your technicals forward and backward. Be able to talk about a few of the latest M&A deals. Candidates also can showcase their capabilities by sharing a few work outputs, such as financial models and equity research reports. Once you can get an interview call, show an over-the-top eagerness to break into the industry.

Many I-Banks also consider their new crop of interns for full-time positions. Securing an internship can be another way of breaking into the industry.

4.10 BEYOND INVESTMENT BANKING

The learning gained in an IB role is invaluable. Skills like financial modeling, valuation, pitching, and networking are transferable in nature. Analysts can direct them further in private equity, venture capital, or hedge fund firms. Senior management folks consider opening their own companies as well.

4.11 COMMON INTERVIEW QUESTIONS

GENERAL/BEHAVIORAL:

1. Why do you want to work in investment banking?
2. How do you deal with risk in your personal life?
3. Explain a time you juggled numerous tasks.
4. What makes you think you will be successful in making deals?
5. Why do you think some businesses succeed while others fail?

TECHNICAL:

1. What are the different techniques to value a company?
2. When should a company consider issuing debt instead of equity?
3. List the components of weighted average cost of capital (WACC).
4. What are the characteristics of a sound financial model?
5. What does a price-equity (P/E) ratio denote? Would you select a company with a high or a low P/E ratio?

”



Have a healthy work-life balance; one learns as much, or I would say more, outside work. Many times in our busy schedules, we miss that fact and end up limiting our growth potential.

ANURAG AGARWAL, CFA

- 2001 – Earned a bachelor's degree in communication from St. Xavier's College, Kolkata
- 2002 – Cleared the chartered accountancy exam in India; joined HDFC Bank as management trainee
- 2003 – Worked as a private finance controller of a garment export company
- 2007 – Earned the CFA® charter
- 2007 – Completed an MBA from Richard Ivey School of Business; joined CLSA as an associate in investment banking
- 2022 – Named managing director, corporate finance and capital markets, at CLSA

“

There's nothing that excites me more than seeing other women succeed! I have met some very amazing women professionals through the CFA Institute networking events. It is a platform for us to meet like-minded investment professionals and to learn and get inspired by their knowledge and experience.

SUSARLA SRIVIDHYA VENKATESAN, CFA



- 2005 – Passed chartered accountancy; started career in investment banking with UTI Securities Ltd.
- 2005 – Joined YES Bank Ltd. in investment banking division
- 2010 – Joined Daiwa Capital Markets India Pvt. Ltd., a Japanese Investment Bank, rising through the ranks and eventually promoted to associate director
- 2014 – While preparing for the CFA® exam, co-founded a boutique investment bank, Scube Financial Services LLP, with a focus on private equity, mergers and acquisition, and debt advisory
- 2019 – Earned the CFA® charter
- 2022 – Joined, SBI Capital Markets Ltd., a leading domestic investment bank as vice president, Equity Capital Markets

05 PRIVATE EQUITY



5.1 SECTOR DESCRIPTION

Private equity (PE) industry in India has evolved markedly in the past two decades. In particular, in the past five years, it has come into the mainstream, driven by the capital needs of the economy.

India's PE landscape now features most of the world's leading funds and several successful Indian funds with established track records. In addition, several sovereign wealth funds (SWFs), foreign pension funds, and a host of other players, such as AIFs, venture, and distressed funds invest in this space. Homegrown names include Chryscapital, ICICI Venture, Truenorth, Kotak Private Equity, and Ascent Capital. Global firms include Warburg Pincus, KKR, Blackstone, Actis, Global Infrastructure Partners, and IFC.

Today, there are more than 300 active private equity (PE)/venture capital (VC) funds in the country employ hardly 1,500 professionals in core roles. At its peak since the start of 2021, the hiring trend provides a silver lining. Employers

are beefing up their investment teams to support the increased workload, led by the raft of M&A deals and IPO filings by portfolio companies in the post-Covid-19 era.

As the industry in India matures, PE/VC funds will grow in size and complexity. For instance, industry insiders believe a greater share will come from buyout transactions than minority investments in the coming years. These trends will create more career opportunities for finance professionals. In addition, several funds employ operating professionals with industry/domain expertise. This offers interesting opportunities for CFA charterholders working in various industry segments.

5.2 TYPES OF STRATEGIES

The industry has spread its wings across many investment classes and strategies. There has been a steady increase in secondary PE opportunities, VC and buyout transactions, special situations, and structured credit, among other developments.

FIG. 5.1 TYPES OF PE/VC FUNDS

	SIZE	TYPE OF FIRM	FOCUS AREA
Early Stage	\$50K - \$5M	Venture Capital	Life sciences, tech,
Growth	\$5M - \$50M	Small - mid-sized funds	Most types
Pre-IPO	All sizes	Mid, large and mega funds	Most types
Buyout	All sizes	Mid, large and mega funds	Mature industries
Late	All sizes	Mid, large and mega funds	Financially stressed industries
PIPE	All sizes	Mid, Large and mega funds	Most types

5.3 CORE ACTIVITIES

PE is a big business. The primary activity involves raising capital from a bunch of investors and acquiring equity stakes in unlisted firms. To meet their stated objectives, industry participants structure and launch investment funds. A typical PE firm invests in a portfolio of mature or stable or revenue-generating companies looking for revitalization. Furthermore, PE firms eye investments in real estate, mezzanine financing, and distressed debt. Conversely, VCs target early-stage, fast-growing, innovative start-ups.

The core activities revolve around the following:

- Building an investment thesis
- Deal sourcing
- Deal evaluation
- Valuation and deal structuring
- Due diligence
- Portfolio management
- Creating liquidity for the fund (exit)

Depending on the fund objectives, the deal's inner workings, pricing, and exit strategies may vary.

5.4 ORGANIZATIONAL STRUCTURE

A PE/VC firm may structure its functions as shown in figure 5.2.

FIG. 5.2 ORGANIZATIONAL STRUCTURE

ROLE	DESIGNATION	COMPENSATION*
Fund Manager	Managing Partner/Managing Director	INR 75 lakhs plus bonus and carried interest
Lead Deal Makers	Director/Principal	INR 50 lakhs plus bonus & carried interest
Lead Execution Team	Associate Director/VP	INR 30 lakhs plus bonus
Research and Investment support	Associates/Analysts	INR 5-10 lakhs with bonus

* Compensation ranges are indicative only and are based on inputs from industry practitioners and findings from surveys. Compensation may change depending on the type of company, location, and skills and performance of the individual.

5.5 ROLES

The team size in PE/VC firms depends on various factors, such as AUM and strategy. PE/VC funds usually operate with a lean but top-heavy structure. A typical small/mid-size fund has six to nine members. Of this, 50% or more hold titles of PV and higher. The teams also feature one CEO/managing partner, one or two investment directors, one or two VPs, one CFO, two to three associates or analysts. Larger funds may have one managing partner and a meaningfully more significant number of professionals at other levels.

Fund managers formulate the fund strategy, lead the fund team and oversee the entire lifecycle. Lead deal makers lead the deal lifecycle on specific sectors and individual investments. The lead execution team supports the transactions and plays a crucial role in portfolio management. The research and investment support team works on new deals, prepares financial and valuation models, and conducts industry research, among other things.

Employment opportunities also exist in human resources, investor relations, legal, compliance, and fund accounting functions. Several firms need operating professionals with specific industry backgrounds or venture partners. Some firms have a dedicated team for portfolio management functions.

5.6 COMPENSATION

The illustrative salaries for each level in the above chart likely indicate median pay-outs. Actuals may be meaningfully higher (even 50–100%) depending on the profile, growth in AUM, location, and compensation philosophy of the fund. The title, designation, and compensation should be only one consideration in the thought process. Focus more on the role, job content, feedback on funds, and key members.

5.7 SKILLS REQUIRED

Cornering a job in the PE/VC space is a fiercely competitive task. Hundreds of budding investment professionals chase a handful of new jobs in core roles every year. Consequently, expect a rigorous selection and hiring process.

SOFT SKILLS:

Hiring managers evaluate people on intellectual and emotional quotients. An ideal candidate has an eye for detail and a flair for robust analysis. A common thread that binds various PE/VC strategies together is their penchant for investing in illiquid investments with a long-term horizon. It is not a field for quick buying and selling of financial products. Accordingly, you should have a long-term orientation, patience, and perseverance. Being a team player and showing humility, passion, and curiosity are critical personality traits. Consider whether you enjoy engaging with people, are willing to travel to client sites, and network with fellow industry people. Additionally,

if you consider yourself good at handling pressure and tight timelines without compromising quality, a career in PE/VC is suitable for you.

TECHNICAL SKILLS:

Apart from soft skills, job aspirants need to have a multitude of technical competencies. Market analysis, data collection, research, assimilation and analysis, financial, and valuation modeling skills are vital in junior roles. As you move up in the hierarchy, more competencies pertaining to operational, consulting, and strategy; people management; negotiations; and project management are required.

EDUCATIONAL QUALIFICATIONS:

MBA and chartered accountants are typically desirable for investment roles. The CFA Program credential is a valuable additional qualification. Hiring managers welcome pre-MBAs with diverse backgrounds for investment analyst openings.

For vacancies that require experienced professionals, much of the hiring is done within the PE/VC community and from investment banking. Funds also look to add talent with a mix of start-up and consulting experience.

5.8 HOW THE CFA PROGRAM HELPS

The enrolment and completion of the CFA Program sends a strong signal to a future employer. The curriculum focuses on several valuable areas like equity valuation, portfolio construction and portfolio management, and financial statement analysis. Knowledge of topics like M&A transactions and internal rate of return (IRR) will be imparted as well.

5.9 RESOURCES

Start networking with investment professionals at various funds to understand the fund's philosophy. Various funds will have interesting and different vital takeaways. Reading books such as *Zero to One* by Peter Thiel or *Secrets of Sand Hill Road* by Scott Kapur is highly recommended. Spend time creating a few work samples worthy of sending to future employers. Last, keep an open mind about various options related to the PE ecosystem and not just an investment role in a PE/VC fund. Look for roles in operational, financial, forensic, or tax due diligence, to name a few.

5.10 BEYOND PE/VC

After a successful stint as a PE or VC professional, it is possible to move to a senior management position in a specific portfolio company. Moving to hedge funds, PIPE funds, AIFs, and nonbank financial corporations (NBFCs) are other common avenues. Alternatively, one can move into areas such as corporate banking, from where the professional initially started.

5.11 COMMON INTERVIEW QUESTIONS

GENERAL/BEHAVIORAL:

1. Why are you interested in PE?
2. Tell me about your most challenging professional experience.
3. What industries are of greatest interest to you?

TECHNICAL:

1. What industry trends will you look at when looking for a potential investment?
2. Is it possible for a company to show positive cash flows but be in grave trouble?
3. How would you value a company with negative historical cash flow?
4. Why would you use leverage when buying a company?



Seek mentors and actively engage with them, employ the power of networking, and leverage the unique global CFA Institute community that can help open most doors.

NAMIT ARORA, CFA

- 1993/1995 – Earned a bachelor’s degree from IIT and postgraduate diploma in management from IIM
- 1995 – Started career at ICICI Securities and developed grounding in equity and credit research
- 1998 – Joined Kleinwort Benson in corporate finance and gained exposure to privatization and infrastructure sector
- 2000 – Moved to private equity, first with Bank of America and then with Standard Chartered Private Equity (from 2008) and was privileged to back and learn from great entrepreneurs and management teams as they built solid, scalable, cash-generative, differentiated, and innovative businesses
- 2008 – Earned the CFA® charter
- 2022 – Named managing partner at IndGrowth Capital, focusing on mid- and small-cap companies and private investment in public equity (PIPE); active volunteer in India CFA community (since 2007) and former board member at CFA Society India



Learning is a lifelong process and continuous learning is the ladder to success.

ABHISHEK LOONKER, CFA



- 2002 – Gold medalist BBA from Gujarat University (HL College)
- 2004 – Gold medalist MBA in finance and marketing from CMS Business School
- 2004 – Worked with JGI Ventures, one of the earliest incubators in the country
- 2004 – Moved to private equity (UTI Venture Funds) as an associate
- 2006 – Completed executive investment management program from Institute of Asian Private Equity, Hong Kong SAR
- 2008 – Part of the team that was spun out from UTI Ventures and founded Ascent Capital
- 2009 – Received CFA® charter, and joined CFA Society India as a volunteer
- 2011 – Completed executive education in corporate restructuring and M&A from Harvard Business School
- 2018 – Rose to the rank of director at Ascent Capital; also elected to the board of directors of CFA Society India
- 2018 – Awarded "40 under 40" in Alternative Investment Industry by AIWMI and IAAIF
- 2020 – Moved to GEF Capital Partners as principal, an environmental, social, and governance (ESG) and climate-focused global private equity fund

06 TREASURY MANAGEMENT



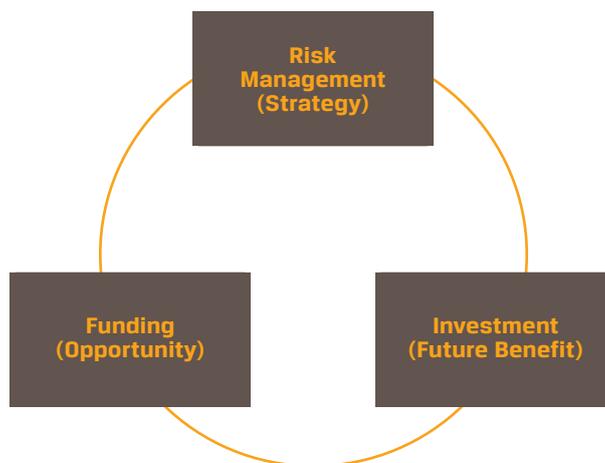
6.1 SECTOR DESCRIPTION

Treasury management is a specialized and coveted role in many corporates and financial institutions. Companies need adequate access to funds to meet financial obligations as they fall due. Initially, treasury teams efficiently helped firms to manage their liquidity needs. The scope of work has now expanded manifold. Today, it includes functions of investing, borrowing, and risk management.

The demand for skilled treasury professionals is very high in India. India is a rapidly developing economy struggling with poor infrastructure. The government

has set an ambitious target of a \$5 trillion economy (by 2024); however, a large portion of the corporate sector is capital-starved. Barring a few "cash-rich debt-free" companies, India primarily has cash-starved entities. Corporates are always on the lookout for additional capital. Against this backdrop, the role of the treasury has become much more strategic in nature and is no longer seen just as a support function. In majority of the companies, treasuries are now shouldering the responsibilities of fundraising as well.

FIG. 6.1 TREASURY MANAGEMENT FUNCTIONS



6.2 TYPES OF FIRMS

Almost every business deals with treasury issues. Not all firms, however, have distinct treasury departments. The role of treasurer may be discrete or may be part of the responsibilities of a broader role such as financial controller or CFO.

Entities with dedicated treasury departments can be Type 1 or Type 2 treasuries. Classification depends on the underlying operating business model and capital needs.

Type 1 treasuries perform the twin function of "borrowing and investing (lending)" functions. They are prevalent in the financial, manufacturing, and infrastructure sectors. In the second category (Type 2), only the "investing" function occurs. Companies in the fast-moving consumer goods (FMCG) and information technology (IT) sector, certain auto manufacturers, and stock exchanges are a few examples in this category. These are debt-free companies with large amounts of extra cash to invest. The size of total investments may range from INR tens to hundreds of millions (TCS).

The job opportunities for resource mobilization professionals are greater in Type 1 than in Type 2 treasuries. Type 1 banking firms will provide jobs in all key exposure areas. Examples from this sector include HDFC Bank, Kotak Bank, ICICI Bank, and SBI. Leading corporate recruiters include big conglomerates like Reliance Industries, L&T, ITC, and Aditya Birla. Other key employers are large public sector enterprises - the likes of BHEL, ONGC, IOC etc.

6.3 CORE ACTIVITIES

Treasury management stands on principles of safety, liquidity, and return. Funds need to be safe, available on a specified date, and bring in returns. Corporates carry out activities keeping a below-average risk tolerance in mind. The objective is to maximize treasury returns while minimizing the overall cost of borrowing.

Activities depend upon the type of treasury (Type 1 or Type 2). Many international companies have significant cross-border transactions. The Treasury team will implement strategies to limit foreign exchange fluctuations.

Given this discussion, the main functions of treasury are as follows:

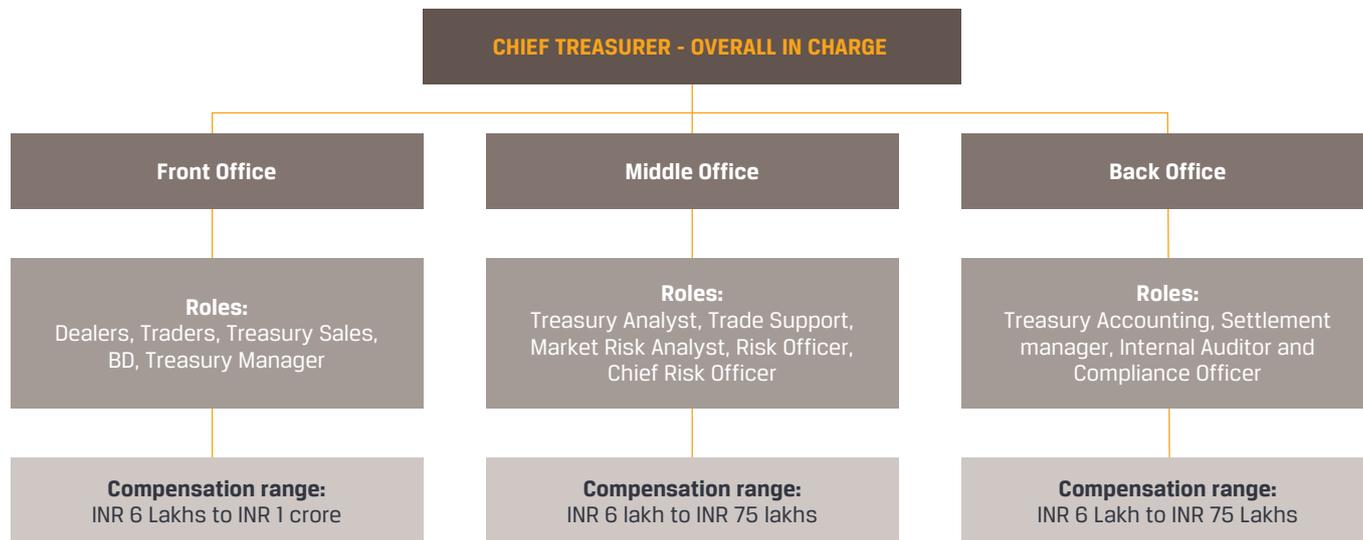
- Fundraising/resource mobilization
- Corporate finance (investments, cash flow management, budgeting)
- Currency and forex management
- Risk management and hedging

Firms use treasury management systems (TMS) to automate and consolidate various processes

6.4 ORGANIZATIONAL STRUCTURE

A treasury management firm may structure its functions as shown in figure 6.2.

FIG. 6.2 ORGANIZATIONAL STRUCTURE



6.5 ROLES

In treasury departments, roles are segregated between the front office, middle office, and back office. The chief treasurer leads all the operations.

FRONT OFFICE:

The front-office team is responsible for strategy formulation, decision making, dealing, portfolio management, fundraising, and forex trading. Job positions include dealers (junior/senior/head) and traders (junior/senior/head). Other roles are for treasury sales, business development, and treasury manager-fundraising and resource mobilization.

MIDDLE OFFICE:

The middle-office team will engage in asset liability management (especially banks), risk management, monitoring, and compliance. The team will see whether or not all laws are being properly followed. Roles available include treasury and financial analyst, trade support, market risk analyst, risk officer, and chief risk officer.

BACK OFFICE:

The back-office team will perform a valuation of investments. Employees also will do settlement, accounting, and auditing. The team will have settlement

manager, accounting and management information system (MIS), internal auditor, and compliance officer roles.

KEY ATTRIBUTES:

The treasury field is ever-changing

The business climate is abounding in uncertainty and risks. Treasury practices have become significantly more complex as a consequence. Having skilled treasury professionals can add significant value to a firm.

Outsourcing

Many countries have roles like outsourced investment officers (OCIO). Money management is usually outsourced in these countries, whereas money management is done internally in India. However, in India, midsize companies have no internal expertise. They rely on market intelligence or insight provided by experts from advisory firms like the big four audit firms.

6.6 COMPENSATION

The likely compensation range is between INR 600,000 to 750,000 (plus bonuses). This amount varies according to industry, type, size, and complexity of treasury operations. Salaries in three sections are comparatively skewed towards the front office. It can reach INR 10 million, and additional performance incentives also may be granted.

People can move from the back and middle office to the higher level of the front office. Candidates should always try to get a foot in the door by giving second priority to the remunerations.

** Compensation ranges are indicative only and are based on inputs from industry practitioners and findings from surveys. Compensation may change depending on the type of company, location, and skills and performance of the individual.*

6.7 SKILLS REQUIRED

Preliminary screening is based on educational qualifications, such as CA, ICWA, CFA, MBA, and FRM. Corporate treasuries give a lot of opportunities to internal employees. Lateral hiring is typical for senior positions. Front-office resources are usually rank-holders chartered accountants or high-quality berries hand-picked from premium management institutes. Good resources are also selected from accounting firms, intermediaries, broking firms, and investment banks. Ethics, integrity, and trust are the utmost requisites verified in a reference check.

Team-wise skills and competencies are as follows:

- **Front Office:** Decision-making, market intelligence, analytical/financial modeling, communication, negotiation, people management, and networking
- **Middle Office:** Critical thinking, analytical, risk modeling, quantitative finance, logical thinking, and complex problem solving
- **Back Office:** Accounting and legal, analytical and methodical, service orientation, and project management

Skills required also can be differentiated based on various managerial positions. For junior management roles, technical skills, such as accounting, analytical, and financial modeling, are desired. To move from middle to senior level, changes in skillsets are required. From a specialist, one has to become a generalist to manage people. So strategic and leadership skills are appreciated even more.

Treasury activities are more aligned to credit or fixed income. Hence, someone with a DCM background will be a preferred candidate. Knowledge of TMS software applications will be a definitive plus.

6.8 HOW THE CFA PROGRAM HELPS

A name with a CFA designation is a huge added advantage. The CFA Program gives an edge from the perspective of valuation and exposure to the macro environment. Rigorous academic exposure to portfolio management and portfolio construction provides a good background for roles offered by investment side treasuries. An understanding of currency and forex management has differentiated CFA charterholders from the masses. Charterholders are well-versed in financial projections, cash flow analysis, and capital budgeting. Areas of fixed-income strategies and derivative strategies are known as well.

6.9 RESOURCES

Treasury offers versatile exposure in various areas. Someone willing to join the treasury from other roles, as a credit analyst in a bank, can choose a path depending on his or her interest. Candidates can start by joining training programs of the Fixed-Income Money Market and Derivative Association of India (FIMMDA) or the Indian Institute of Banking (IIB). A treasurer must understand the regulatory aspects of capital markets and sector dynamics. Studying the business model of a dream company would be helpful for the would-be treasurer to understand the cash flow management of the target. Considering getting a CFA Society membership and networking with treasury professionals. Attending conferences and webinars will further enhance knowledge of the market.

6.10 BEYOND TREASURY

After being a renowned treasurer and knowing the nuances of the operations, roles with more demanding responsibilities are ahead. In the past, treasurers have successfully shouldered responsibilities of positions like CFO, consulting/treasury advisers, fundraisers, financial advisers, and head of accounting firms. They have also made forays in intermediaries, broking firms, and investment banks. Lateral shifts across the industries also are possible. For example, it is possible to move from a corporate treasury to a bank or insurance treasury. Roles in hedge funds, debt AIFs, and PMSs all require a skillset honed by a treasury veteran.

6.11 COMMON INTERVIEW QUESTIONS

GENERAL/BEHAVIORAL:

1. As a treasury manager, what is your management style?
2. As the leader of an organization, how would you approach an employee whose work is not meeting standards?
3. Describe your previous experience, including any treasury management software you have used.
4. How would you define risk management in relation to your responsibilities and obligations as a treasurer?

TECHNICAL:

1. Tell us what is the most important rule of being a treasurer?
2. Things are changing quickly in our industry. What do you feel are the biggest challenges within the role of treasury management?
3. What is your outlook on the RBI raising interest rates?
4. What factors affect the treasury environment, both short-term and long-term?



To build a career in treasury, one needs to have a passion for financial markets. With companies operating across multiple geographies, treasury has not only become more dynamic but also more complex. A treasury professional has to take calculated decisions based on changing financial market dynamics in this VUCA (volatile, uncertain, complex, ambiguous) environment.

PRANAV CHUDGAR, CFA

- 2005 – Earned a master's degree of science in finance from ICFAI University
- 2005 – Joined Adani as treasury analyst, trading currency and commodities
- 2008 – Moved to ICICI Bank as treasury dealer, advising corporates on treasury derivative products
- 2011 – Joined Airtel as risk management head, managing foreign exchange and interest rate risk
- 2015 – Earned the CFA® charter
- 2015 – Joined EY as director, advising clients on treasury transformation and treasury cost optimization
- 2022 – Joined Motherson Sumi Group as lead, Group Treasury

07 CREDIT RATINGS



7.1 SECTOR DESCRIPTION

The debt eco-system brings together issuers and investors of debt. As the name suggests, credit rating agencies assign ratings to debt instruments. Credit ratings are an opinion on the relative ability of the issuing entity to meet financial commitments like interest payment, preferred dividends, principal repayment, insurance claims, and counterparty obligations.

In India, the rating system depends on the probability of default. As more recovery data become available after the Insolvency and Bankruptcy Code (ABC), firms will issue ratings on the likelihood of an expected loss. Credit ratings include ratings for the corporate sector, financial sector, structured finance products, and other instruments like real estate investment trusts (REITs). Debt instrument issuers pay agencies for rating their offerings. The service includes the initial rating of each issue and the surveillance fee for subsequent reviews.

At the end of September 2021, about INR 37 trillion in corporate bonds remained outstanding. New issues in the same quarter stood at 3,282. As of March 2021, Indian corporates had \$291.8 billion of external debt. Commercial papers due stood at INR 3.89 trillion as of May 2021, according to RBI data. Comparatively, as of March 2021, the outstanding aggregate bank credit amounted to INR 109.5 trillion. Bank loans dominate the debt raised by corporates. Consequently, bank loan ratings have the highest share of ratings, too. The Indian bond market is still shallow, and 85% of the bonds are AA+ rated. According to Crisil¹, however, corporate bond issuances outstanding

could more than double from INR 33 trillion, or about 16% of GDP at the end of FY 2020, to INR 65–70 trillion, or about 22–24% of GDP. The expansion of the bond market will significantly increase career opportunities in the sector.

In India, institutions like mutual funds, pension funds, banks, insurance companies, and the like are primary investors in debt instruments. Debt buy-side funds usually operate with lean teams. A debt fund with AUM of INR1 trillion can work with a group of six or seven people. These organizations use the ratings issued by the credit rating agencies to gauge the riskiness of a debt instrument. Direct retail participation in debt markets in India is negligible at around 1%.

7.2 MARKET PLAYERS

Currently, six credit rating agencies are registered with SEBI that cumulatively have rating coverage on more than 57,000 entities. A single rating agency covers up to 20,000 entities. For comparison, a mutual fund might cover 500–1,000 entities, an Investment Banking firm might do 10 deals in a single year, and a PE firm possibly does two or three deals each year.

Globally, S&P, Moody's, and Fitch Ratings have a 95% market share. Their India counterparts are Crisil, ICRA, and India Ratings and Research. Other than these three entities, CARE Ratings, Acuité Ratings, and Research and Infomeric are other agencies licensed to provide credit ratings in India. The credit rating segment is one of the biggest employers in the financial services sector, with around 12,000 people working in the industry.

FIG. 7.1 CAREER OPTIONS

CAREER OPTIONS - RATING AGENCY			
Function	Analytics	Products	Business Development
	Structured Finance, Financial Institutions, Corporate Ratings	New Product Design, Compliance, Criteria Development	Negotiation, Client Management, Networking
LEARNING	<ul style="list-style-type: none"> • Eye for Detail, Market analysis, read loan Documents • Ability to grasp a sector quickly, Business models • Report Writing, Ability to present your work, Committee discussion • Ability to handle pressure and tight timelines • Get to be part of marquee deals • Financial Modeling • Interact with senior folks in the industry • Team player, Leading teams • Drafting Press Release, investor Education, webinars 		

7.3 CORE ACTIVITIES

A credit rating agency has three core work areas: analytics, products, and business development.

ANALYTICS:

The analytics team researches and analyzes a company or a transaction, assesses its credit strength, and assigns a rating to the credit instrument. Within analytics, you can be a part of structured finance, financial institutions, or the corporate rating team.

PRODUCTS:

The products department builds new products, structures compliance processes, and develops criteria for analyzing different sectors and instruments. Often, issuers or bankers structure new instruments. New guidelines are required to analyze and rate new products. Analysts then use these guidelines to rate the instruments.

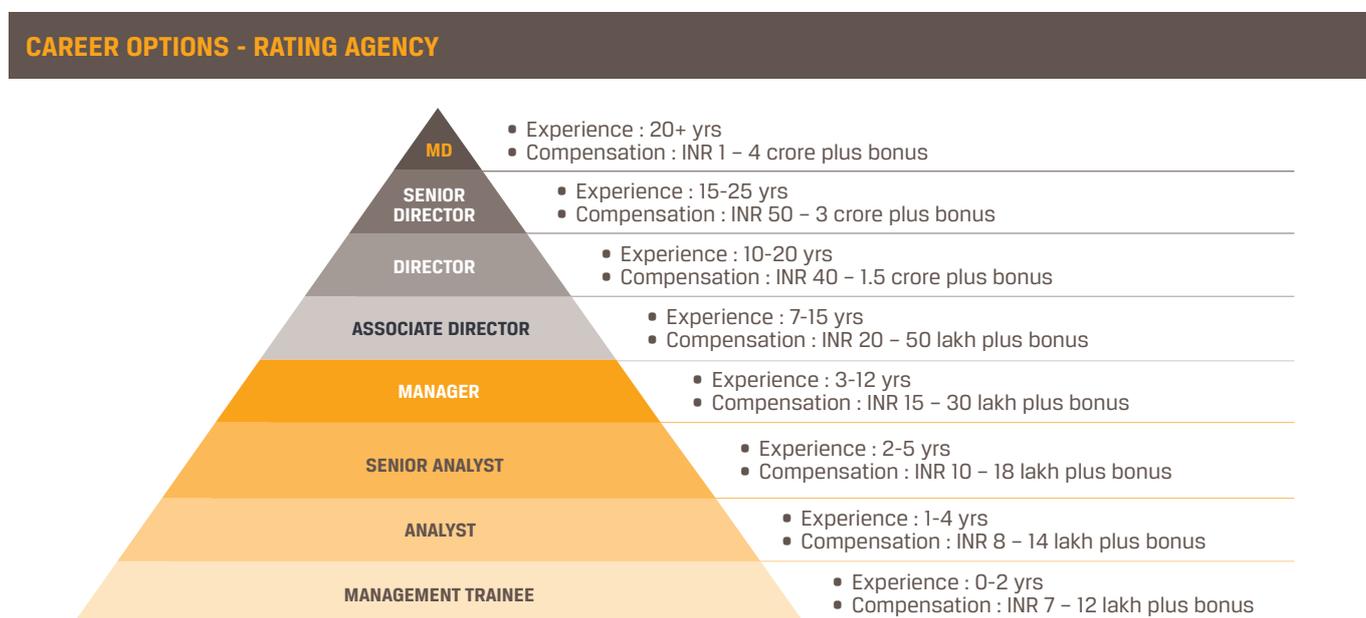
BUSINESS DEVELOPMENT:

Business development departments work on getting more issuers onboard.

7.4 ORGANIZATIONAL STRUCTURE

A credit rating agency may structure its functions and compensation as shown in figure 7.2.

FIG. 7.2 ORGANIZATIONAL STRUCTURE AND COMPENSATION



7.5 ROLES

ANALYSTS AND SENIOR ANALYSTS:

Analysts work on data collection, fundamental credit analysis through analysis of business models, financial statements, maintenance of financial models, and presentations for internal rating committees. As you progress in your career, you will take credit rating decisions, write credit rating reports, and publish market commentaries and industry reports. You also will monitor the performance of companies and industries under coverage and update ratings based on published information and discussions with senior management of the rated institutions.

MANAGER:

As a manager, you might oversee a team of junior analysts to ensure the team's research quality and regulatory compliance.

DIRECTOR:

At the director level, responsibilities are significantly external in nature. You will be involved in communicating rating rationale to external audiences (primarily institutional investors, sell-side analysts, and media) through meetings, conference calls, press releases, and written research reports. You also may find yourself representing your organization at conferences and other such events.

7.6 EDUCATIONAL QUALIFICATIONS

Both an MBA and CA qualification are desirable. The CFA designation is a valuable additional qualification. The CFA curriculum is additionally helpful in two aspects. First, the curriculum has an embedded emphasis on ethics, which is a strong differentiator. Second, structured finance is an integral part of the CFA Level II curriculum. Structured finance is an excellent place for CFA charterholders because

they have an advantage over generic finance or an MBA degree because the CFA curriculum deals extensively with ABS, mortgage-backed securities (MBS), and repayment risk. Credit rating agencies are generally short on talent in this area.

7.7 SKILLS

The ability to analyze financial statements and proficiency in financial modeling is an absolute must. You should understand the qualitative aspects of credit and risk valuation. You also must be able to write succinctly and clearly and verbally present written reports to both internal and external audiences. Equally important is the ability to read between the lines and interpret what management is conveying.

7.8 INTERVIEWING WITH A CREDIT RATING AGENCY

Most agencies accept candidates fresh out of college with 0 to no more than two years of experience for management trainees and analysts. They generally recruit from tier 1 or 2 MBA colleges and CAs. An agency typically will fill a fixed number of these positions each year. Senior positions generally are filled laterally from banks, corporates, and

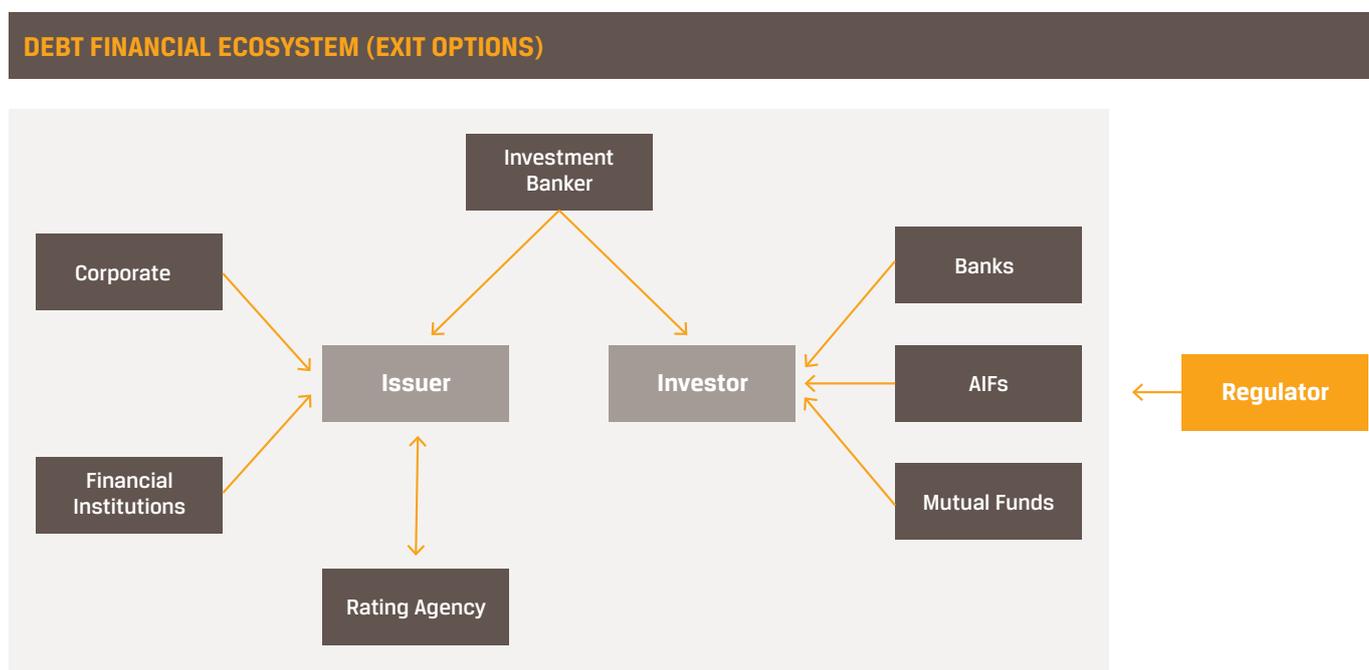
KPOs, which continues throughout the year. Such posts do not get much advertisement, and the best way to get hired laterally is by leveraging your network and being referred.

The recruitment process for the management trainee/analysts generally includes two or three rounds of interviews. The first round is with human resources, the second round is with the reporting manager, and finally, the third round is with the director or senior director. You will be evaluated based on both your intelligence and emotional quotient. Having knowledge and opinions about some sectors and the agency will be helpful for interviews. Your track record in your current position and experience managing projects will be necessary for senior roles.

7.9 BEYOND CREDIT RATINGS

Many exit opportunities exist after working in a credit rating agency. Moving to and from different institutions within the debt ecosystem is always possible. A career in debt is often not a deliberate career choice in India. The debt market usually moves silently and is not discussed as heavily as other asset classes. A career in debt markets requires a high intelligence quotient for learning, understanding, and gaining perspective.

FIG. 7.3 DEBT FINANCE ECOSYSTEM



Footnotes:

1. "Crisil Yearbook on the Indian Debt Market 2021"

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Financial analysis includes keeping abreast of regulations and their impact on the entities and the sector.

KARTHIK SRINIVASAN, CFA

- 1994 – Earned a B.E (Electronics) from K J Somaiya College of Engineering
- 1997 – Earned master of management studies in finance from Narsee Monjee Institute of Management Studies
- 1997 – Joined The Bombay Dyeing & Manufacturing Company Limited as a trainee on the treasury team
- 2000 – Joined ICRA Limited as senior analyst and rose through the ranks
- 2006 – Earned the CFA® charter
- 2010 – Promoted to senior vice president, Financial Sector Ratings, ICRA Limited

“

Find your personal lodestone and let that decide every move you make in your career. My personal goal has always been to challenge myself to learn and do new things. Doing the CFA® Program with this goal in mind of learning and reinventing myself was a joy, even though it meant juggling a lot of balls in the air for a period.

PAVETHRA PONNIAH, CFA



- 2001 – Earned bachelor's degree in zoology
- 2003 – Earned master's degree in finance
- 2003 – Joined Kotak Mahindra Bank as a manager
- 2005 – Joined ICRA Ltd. as an analyst with promotions in the normal course
- 2009 – Earned the CFA® charter
- 2021 – Promoted to senior vice president at ICRA Ltd.
- 2021 – Joined JC Flowers Asset Reconstruction Pvt. Ltd. as managing director

08 KNOWLEDGE SERVICES



8.1 SECTOR DESCRIPTION

Businesses around the globe compete with each other. Increasing competition has resulted in bringing new products and services to the market. To meet customer needs and provide quality services, businesses are revamping their models to improve operational efficiency and add value to their products and services. The abundance of global data has made it difficult to get useful information from varied sources. The knowledge process outsourcing (KPO) industry bridges this gap and provides services, such as financial research, market research, credit risk management, and data management.

The KPO firms hire highly skilled professionals, such as MBAs, CAs, and CFA charterholders, who analyze the business processes and simplify decision making. The industry is highly dynamic, and candidates have to be aware of the latest trends, technologies, and developments in the market. Therefore, training forms an essential part of the industry. KPO professionals continue upskilling through rigorous training plans.

According to MarketWatch¹, the global KPO market was estimated at US\$54 billion in 2020. It is expected to grow at a compound annual growth rate of 16.5% to reach US\$156 billion by 2027. The Asia-Pacific KPO industry, including India, Australia, and South Korea, is forecast to reach US\$24.3 billion by 2027. According to estimates, the Indian KPO industry employs more than 200,000 professionals.

8.2 TYPES OF FIRMS

The key vendors for the global KPO market include Wipro, TCS, Mphasis, Accenture, Genpact, and Cognizant. Prominent vendors include Evalueserve, WNS, Crisil, EXL Services, Acuity Knowledge Partners, The Smart Cube, Pulsar Knowledge Center and RocSearch. Many global banks and financial institutions, such as Wells Fargo, Goldman Sachs, JP Morgan, and Macquarie, have their captive units in India.

INDUSTRY MODEL:

The Indian KPO firms operate through three business models. The choice of the business model depends on the complexity of work, costs involved and data security among other considerations.

Outsourced or third-party model

Third-party service providers partner with the clients and manage the entire research function. They offer advantages of lower cost, diverse, and skilled workforce

and allows focus on core activities without compromising on compliance and operational requirements. They offer greater flexibility as the operations can be ramped up as and when required. Because third-party service providers are involved in client sensitive data, they enter into service-level agreements with clients and conduct regular audits to maintain data integrity.

Captive model

Multinational companies set up their offshore delivery centers. The in-house team of resources manages the financial research and analytics. It allows more control over the workflow, hiring of the team, and data and compliance-related aspects. This also enables greater integration of staffing power within the organization.

Onshore third-party support and nearshore support

The third-party provides onshore analyst who works out of client location for financial research and analytics support. This approach offers advantages of lower cost, greater integration, and better control over data and compliance-related aspects.

8.3 CORE ACTIVITIES

Following are the core activities of a typical KPO firm:

RESEARCH:

Research includes equity or credit research as well as strategic research and data analytics. Equity research involves tracking a defined number of companies in a particular sector, working on financial models and preparing research reports. Credit research deals with analyzing debt securities and includes financial statement analysis, building financial models, and preparing credit reports. Strategic research focuses on analyzing products and services to accelerate revenue and profits. It entails dealing with large amount of data and synthesizing data in a structured format.

INVESTMENT BANKING AND CAPITAL MARKETS:

This role includes preparation of pitch books, comparable transaction analysis, and business valuation for acquisitions. The KPO's clients include both buy-side and sell-side firms. In DCMs, the firms provide support on loan underwriting and leveraged finance.

CREDIT RISK MANAGEMENT:

Credit risk management includes portfolio monitoring and analytics, automation, and process improvement. It also covers model development, stress testing, scenario generation, and execution through the use of data science.

BUSINESS TRANSFORMATION:

Business transformation includes policy design; review, governance, and control set-up; process transformation; and regulatory, financial, and internal reporting.

FINANCIAL CRIME AND COMPLIANCE:

Compliance includes transaction monitoring, trade surveillance, fraud, and anti-money-laundering model validation.

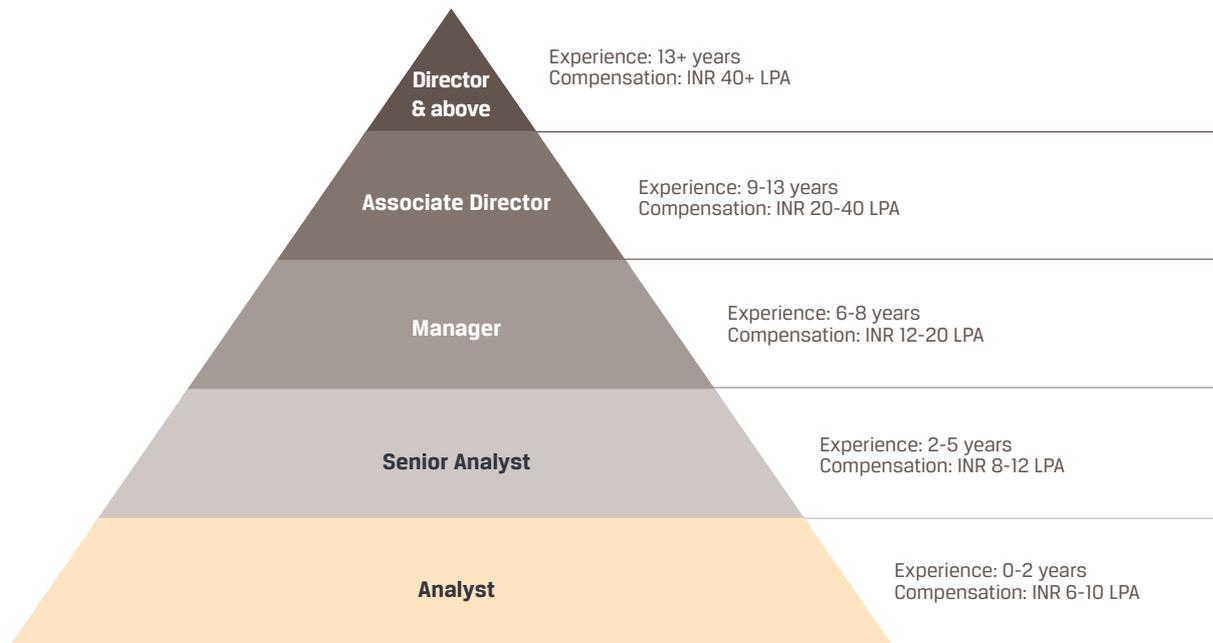
MIDDLE-OFFICE SUPPORT:

This support includes trade booking and rebooking, collateral management, and structured trade reviews.

8.4 ORGANIZATIONAL STRUCTURE

A KPO firm may structure its functions as shown in figure 8.1.

FIG. 8.1 ORGANIZATIONAL STRUCTURE AND COMPENSATION



8.5 ROLES

These designations may differ from one organization to the next, but a typical firm will have the following roles:

DATA ANALYST (EXPERIENCE: 0-2 YEARS):

This role includes maintaining databases, spreading of financial statements, and updating financial models.

RESEARCH ANALYST (EXPERIENCE: 1-3 YEARS):

A research analyst works on building financial models with guidance on revenue models and forecasting, and writing industry research reports.

SENIOR RESEARCH ANALYST (EXPERIENCE: 3-5 YEARS):

The role includes building end-to-end financial models with minimal support, writing detailed investment research reports, and preparing ad hoc research reports. Tasks also include preparing tear sheets, precedent transaction analysis, and sector-specific research among others.

LEAD ANALYST OR MANAGER (EXPERIENCE: 6-8 YEARS):

Lead analysts and managers build end-to-end financial models with forecasts, provide independent coverage of stocks and sectors, and coach and mentor junior team members. They also are responsible for hiring and retaining talent.

ASSOCIATE DIRECTOR (EXPERIENCE: 8+ YEARS):

Associate directors provide independent management of various clients, client interactions, and talent management of team as well as managing organization-related outcomes.

DIRECTOR AND HEAD OF RESEARCH (EXPERIENCE: 12+ YEARS):

Directors and heads of research manage client relationship with multiple accounts and take ownership of organization-level outcomes. They also are responsible for business development and pitching new products and services to existing and new clients across geographies.

8.6 COMPENSATION

The compensation structure is competitive and varies across roles. It depends on various factors, including qualification, experience, skillset required, and location. Entry-level position may start with an average salary, but compensation can grow quickly if tasks are performed well. Refer to figure 8.1 for details.

8.7 SKILLS REQUIRED

The basic qualification would be graduation for an entry-level position. An MBA is a must for senior roles. Pursuing the CFA Program is desirable given the financial knowledge that comes with it. Courses on financial modeling and data sciences also help in career advancement. Candidates should hone logical and analytical skills to solve business problems and build strong client relationships.

8.8 HOW THE CFA PROGRAM HELPS

The CFA curriculum covers various aspects of finance, such as financial statement analysis, valuation, portfolio analysis, and machine learning, which support in building a career. The CFA charter is one of the most respected designations globally and is considered to be the gold standard in investment analysis.

8.9 RESOURCES

KPO firms generally hire from MBA colleges for junior roles. Employee referral is highly regarded for junior as well as

senior roles. Hence, networking and building the right connections will be essential. The key is to start preparing early for interviews. Candidates should be able to showcase their capabilities by sharing a few work products, such as financial models and equity research reports.

8.10 BEYOND KPO

Many people working in KPOs or captive units gain an opportunity to work onshore with clients for a short time. This opportunity provides excellent exposure and improves the skillset. Sometimes people transition to front-end roles where they move from the KPO or the captive unit and work onshore.

8.11 COMMON INTERVIEW QUESTIONS

1. What are the rules of accounting?
2. How are the three financial statements interconnected?
3. Can you answer questions about ratio analysis?
4. What are the different techniques of valuing a company?
5. Explain how to use vlookup and pivot tables?
6. Why is EBITDA of significance?
7. What are the growth drivers of a particular industry?

Footnotes:

1. MarketWatch (excerpts from KPO industry report): Global Knowledge Process Outsourcing (KPO) Market Size [2022 to 2026] with Emerging Trends, Growth by New Techniques, Sales Channel and Distribution, Industry Trends and Investigation Growth Rate Spread Across 123 Pages - MarketWatch



Networking always helps. It helps you learn new skills, new ways of working, and ways to excel in your career. It can help you find the right mentor or coach, who can help you navigate this complex world.

ANKIT RASTOGI, CFA

- 2003 – Became a chartered accountant; joined Irevna Research (now Crisil) as an analyst and worked for Deutsche Bank
- 2006 – Joined Goldman Sachs as an analyst working in the Global Investment Research (GIR) department
- 2010 – Earned the CFA® charter
- 2011 – Joined Amba Research (now Acuity Knowledge Partners) as vice president; managed global teams (India, Sri Lanka, and Costa Rica) for banks like JP Morgan, Barclays, and Julius Baer
- 2016 – Moved to Aranca as head of the investment research department
- 2021 – Joined SG Analytics as head of the investment insights business



All of us should play our role in working towards a sustainable world for our future generations, focusing on ESG aspects as an individual and a corporate as well as an investor.

ALOKITA JHA, CFA



- 2001 – Completed postgraduate diploma in finance
- 2002 – Joined Roulac Global Places, a global real estate consulting and investment group as research analyst
- 2006 – Earned the CFA® charter; among the first 15 female CFA® charterholders from India
- 2006 – Joined Fidelity International as an investment communications specialist covering various equity and sector funds
- 2016 – Took over as the business manager for the technology function, driving the strategic and capability aspects in India at Fidelity International
- 2017 – Managed additional responsibilities as business manager for India capability, looking after capability development and site management (part of India Management Team at Fidelity International)
- 2020 – Named chief administrative officer, India, and head of tech risk and management oversight function in India, Fidelity International
- 2021 – Named head of investment fund analyst function at Fidelity International
- 2022 – Recognized with the HerRising Women in Finance Accounting Award

09 FINTECH



9.1 SECTOR DESCRIPTION

Fintech (i.e., financial technology) describes new technologies used to automate the delivery of financial services. The term encompasses various new-age growing segments, like digital wallets, neo-banks, online discount brokers, digital insurance aggregators, investment apps, and cryptocurrency.

The development of sophisticated mobile operating systems, like iOS and Android, in the first decade of this century along with the fast adoption of improved wireless technology have provided the required infrastructure for the tremendous growth of fintech in the past 15 years. The mobile phone has now become the ultimate delivery medium for various financial services. It has replaced the role of bank branches, ATMs, traditional brokers, and investment advisers.

Gone are the days when one had to make multiple visits to branches to avail banking services, including securing loans. Many companies are increasingly providing pre-approved loans based on instant credit checks.

Fintech is fast emerging as one of the most critical sectors, gaining much traction after the 2008 Financial Crisis. The advent of quick and cheap Internet access has accelerated the transition from traditional banking to fintech. Currently, India's number of smartphone users is estimated to be above 750 million.

In the early part of the last decade, the focus was more on B2C fintechs. Customers from traditional banking were exposed to the convenience of digital wallets and other forms of online banking. Examples of B2C fintechs include Paytm and Mobikwik.

In the past few years, the focus has shifted to B2B fintechs, which are helping the existing banks, e-commerce companies, and B2C players to digitize. The buzzword now is embedded finance, in which the idea is to provide the funding needs in the existing ecosystem/apps. Examples of B2B fintechs include Razorpay and PayU.

The rise of Aadhaar and UPI infrastructure has propelled the use of apps for banking transactions. After demonetization and during the pandemic, the focus shifted towards digital money. New-age fintech companies have benefitted a lot from this shift. The fintech players have started to use alternative data to assess risks. The next big wave is providing easy credit to small and midsize enterprises (SMEs)/individuals and options such as "buy now and pay later" and equated monthly installment (EMI) purchases. All of the leading fintechs have entered into this space. Earlier, borrowers with no or limited credit history found it hard to secure credit. They are now increasingly finding options online to meet short-term financial needs. Many companies are even targeting teenagers and young adults who are still in college.

OFFSHORE VERSUS ONSHORE:

India is a favorite offshore destination for fintech companies because of its available talent pool and cost advantage. Working hours are mostly aligned to Indian timings, although some companies prefer the timings to match onshore time zones.

The huge unserved domestic market also provides ample opportunities for various fintech companies. Apart from metro areas, smaller cities also increasingly see fintech companies' establishment. The trend of new fintech ventures becoming unicorns and strong listings of start-ups on the Stock Exchange have boosted this trend.

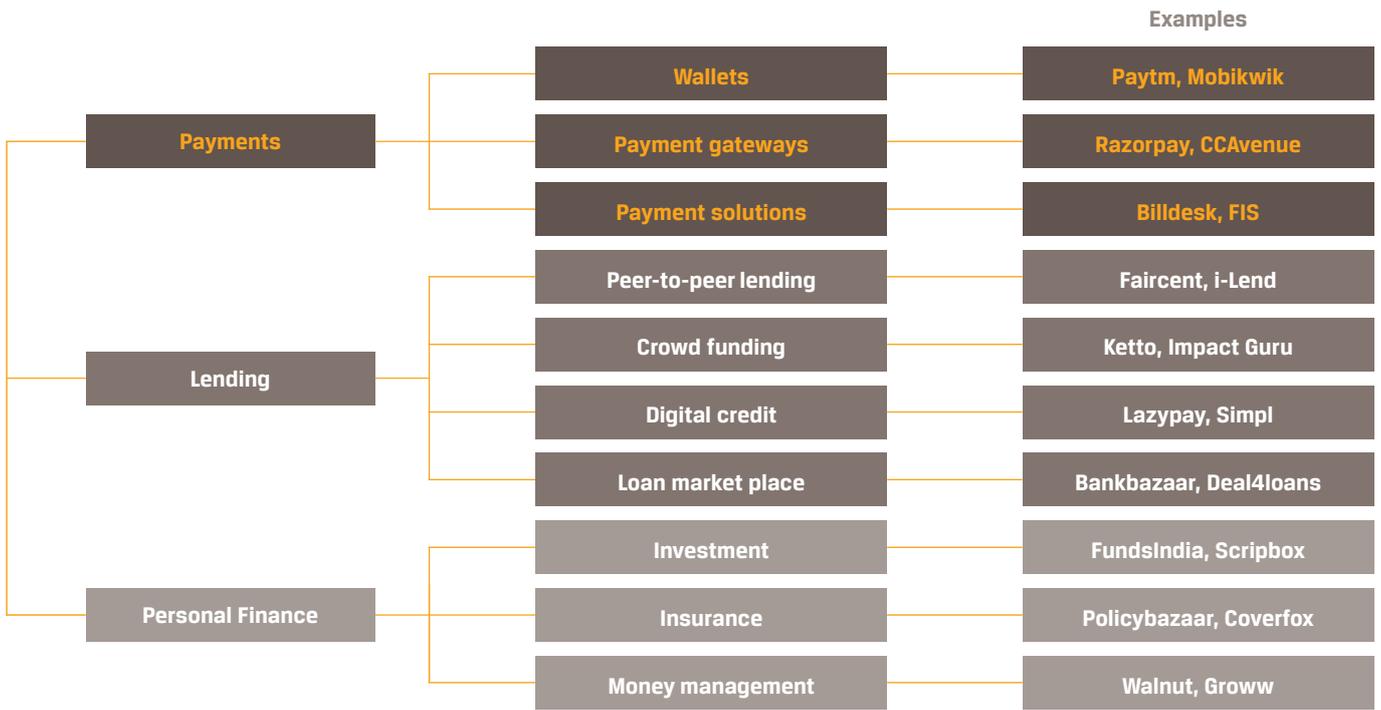
JOB MARKET SIZE:

India is amongst the fastest-growing fintech markets in the world. Of the 2,100-plus fintechs in India today, more than 67% were set up in the past five years. The job postings for fintech are increasing in proportion to the traditional openings. LinkedIn listings for #Fintech Jobs in India topped 3,400 and Naukri listings for #Fintech Jobs in India are more than 2,100.

9.2 TYPES OF EMPLOYERS

Fintechs in India can be divided into payments, lending, and personal finance.

FIG. 9.1 TYPES OF FINTECH FIRMS



Apart from the Indian fintech companies, almost all the major fintech companies worldwide are looking at India as a talent and competency hub and have established offices in major cities like Bangalore and Gurgaon.

9.3 CORE ACTIVITIES

As fintech encompasses a wide array of companies, activities vary based on the financial service that a company is trying to digitize. For example, the core activity of a loans marketplace will be to connect the borrowers with the lenders, whereas that of a money management fintech will be to help users manage their expenses and investments.

9.4 ORGANIZATIONAL STRUCTURE

Fintech companies have fluid organizational structures. The top management includes the CEO, CFO, and CTO. The middle management includes the vice presidents and directors.

9.5 ROLES

Fintech companies generally have strong product and technology teams in addition to finance, investor relations, partnerships, legal, and risk teams.

PRODUCT:

The product team is responsible for the product launches, conceptualization, development, testing, and pricing. This is an essential function in any fintech company.

TECHNOLOGY:

The technology team provides the necessary infrastructure and development support. Some companies have separate data science teams for dealing with a large amount of data.

FINANCE:

The finance team provides support for accounting, treasury, reporting, and financial planning.

INVESTOR RELATIONS:

The investor relations team provides fundraising support.

PARTNERSHIPS:

The partnership team helps in developing and maintaining relationships with various partners.

LEGAL:

The legal team helps with the legal documentation for the organization with various stakeholders.

RISK:

The risk team helps identify and manage various risks within the organization. This team also handles the development of scorecards for lending.

A change in a role within the organization is possible. As the organization grows, teams are reconstituted, and new job profiles get created.

9.6 COMPENSATION

Generally, salary levels are dependent on the traction of the fintech company among the consumers and the amount of funding available with the company. Stock options are an essential part of senior management and entry-level compensation.

Salaries can range anywhere from INR 500,000 for an executive up to INR 30 million for a CEO and depends on the value one brings to the table.

** Compensation ranges are indicative only and are based on inputs from industry practitioners and findings from surveys. Compensation may change depending on the type of company, location, and skills and performance of the individual.*

9.7 SKILLS REQUIRED

The following vital skills are essential for to perform fintech tasks: teamwork, research, problem solving, decision making, logical thinking, communication, analytical, and digital skills. While the job prospects in this sector are good, attrition remains high because of the increased workload due to the high growth rate.

The fast-growing and changing nature of the sector requires that the person be emotionally strong and professionally competent to handle the task at hand. The importance of execution capability is critically important.

Qualifications such as CFA, FRM, and CA designations as well as PhD, MBA, master's degree in technology, and bachelor's degree in technology are essential to break into the sector, for experienced professionals, the start-up experience and the kind of responsibilities handled are immensely valued and prioritized over qualifications. Knowledge of programming languages like SQL, Python, and R and experience in blockchain are currently in high demand.

9.8 HOW THE CFA PROGRAM HELPS

The CFA designation offers an added advantage to a job-seeker. The CFA Program is the global benchmark in the investment industry. It equips a person with knowledge about all the key areas of finance. Cross-functional roles are increasingly becoming common in the fintech Industry. If a technical person pursues the CFA Program, it can offer an added advantage by providing critical business and finance domain knowledge, which will help in better development and execution of products.

9.9 RESOURCES

Upgrading one's skills is key to a successful career in today's environment. Platforms like Coursera and Udemy host many courses that can help candidates learn new skills. CFA Institute regularly hosts webinars and conferences on fintech and provides opportunities to network. This curriculum is updated with the information about the recent trends in the industry.

Social media has become an important communication tool, and prospective employers are on Twitter, Facebook, and LinkedIn. By staying updated with the latest development in the fintech sector, you will develop the necessary perspective and understanding about the industry, which can help secure jobs.

9.10 BEYOND FINTECH

Having worked in a fintech company and knowing the dynamics of the business adds a lot of value to one's resume. The next decade is going to be a significant decade for growth in fintechs as the delivery of banking services becomes increasingly digitized. Today, many companies look to hire individuals who have experience of working in new-age companies and can help them forge partnerships with fintechs.

9.11 COMMON INTERVIEW QUESTIONS

GENERAL/BEHAVIORAL:

1. Tell me about yourself.
2. Describe your previous work experience.
3. What makes you suitable for this job?
4. Why are you looking for a change from your current job?
5. Are you an individual contributor or team player?
6. Tell me an instance when you faced any challenge in executing current responsibilities.

TECHNICAL:

1. Do you have knowledge of reporting tools like Tableau and Power BI?
2. Do you have knowledge of Python, SQL, or R?
3. How do you rate your financial modeling skills?
4. How do you rate yourself in making presentations?



Do try entrepreneurship as a career option. Even if you fail, you would have gained immensely valuable experience. If you succeed, you have not just secured a career for yourself but for many others.

SANDEEP GUPTA, CFA

- 1996 – Joined ITDC, a Government of India PSU (class 1, gazetted officer rank equivalent), serving in various roles
- 2003 – Moved to ISB as head program management
- 2006 – Moved to GMR Hyderabad Int. Airport as associate general manager
- 2009 – Completed full-time postgraduate diploma in management from IIM Ahmedabad
- 2010 – GM, BD, and strategy for NCTPL, working on a 1,000-acre mix-use township project
- 2013 – Named senior general manager of new projects for Bombay Burmah Trading Corporation (Wadia group)
- 2014 – Named head of commercial projects for Britannia Industries Ltd (Wadia group)
- 2016 – Earned the CFA® charter
- 2018 – Completed the Certificate in Investment Performance Measurement (CIPM®) Program; pursued private start-ups in wealth, blockchain, fractional, and real estate
- 2020 – Joined Magicbricks as head, MB Invest (TOI group)
- 2021 – Pursued private start-ups in the following:
 - BHIVE Alts (fintech alternatives investment platform)
 - BHIVE Fund (SEBI Registered Alternative Investment Fund, Category II)
 - BHIVE Workspace (commercial real estate/co-work/managed offices)



Don't believe in regrets. Focus on the now and the future and never look backward. My mother always said: "You will be more disappointed by the things you didn't do than by the ones you did do."

LIZZIE CHAPMAN, CFA



- 2003 – Started career as equity research analyst with Goldman Sachs in London
- 2008 – Earned the CFA® charter
- 2008 – Moved to the buy-side with Wellcome Trust; made some large, direct investments into the Indian financial services market
- 2015 – Founded ZestMoney, India's largest and fastest growing digital electronic money institution (EMI)/pay-later platform in India
- 2021 – Founding member of Digital Lenders Association of India; currently serves as the president
- 2021 – Nominated by the Government of India to the National Startup Council
- 2022 – Serves on the boards of IndiaMart, IndiaQuotient (early-stage investment fund), and Cloudnine Hospitals

10 PLATFORMIZATION OF FINANCIAL SERVICES



10.1 SECTOR DESCRIPTION

Platformization is building a digital infrastructure to conduct a business. It is a marketplace that provides a common ground for companies to meet customers and vice versa. Platformization can unite a diverse group of people and create a network effect in which value can be created and distributed at scale. Platforms have disrupted several industries and created exponential value for the platform providers and the customers. Following are some of the popular platforms and their offerings:

- Amazon web service (AWS) and Azure offerings: cloud computing services
- Unified payment interface (UPI) offerings: payment infrastructure
- Aadhaar offerings: complete kit for identifying and onboarding new user
- Amazon offerings: an entire infrastructure in terms of reaching out to consumers, completing transactions, and delivery for producers to sell in India and abroad

PLATFORMIZATION IN THE FINANCIAL SERVICES INDUSTRY:

According to estimates, about 2% of Indians actively invest in the stock market compared with industrial economies like the United States, where the ratio is more than 50%. This gap shows the significant headroom for growth. Growth will be driven by improved financial literacy, use of digital platforms, high disposable income, and a large millennial base.

The financial services industry has witnessed a paradigm shift with the advent of platforms. Regulatory technology (regtech) uses advanced technologies, like machine learning (ML), artificial intelligence (AI), cloud services, and open data models to enhance regulatory processes. It helps in managing in-house compliance processes, risk management, and auditing. The global regtech market was valued at \$5.5 billion in 2019 and is projected to reach \$28 billion by 2027. An increase in investments in advanced technologies by government and financial institutions in India would help drive the growth in regtech.

Wealth technology (wealthtech) is the use of advanced technologies to provide effective and efficient solutions to the wealth management industry. The Indian wealthtech market is expected to grow from its current market size of \$20 billion to \$60 billion by 2025.

10.2 TYPES OF FIRMS

This sector is rapidly evolving with more and more innovative products and use of technology. Some of the firms in this sector include WealthDesk, Smallcase, and INDWealth. These firms provide the platform to invest in

model portfolios of stocks and exchange-traded funds. Investors can create their own model portfolio or invest in professionally managed portfolios.

10.3 CORE ACTIVITIES

Platformization will allow investment management firms and advisers to unbundle their core competency or service offering. This service could range from research to distribution and execution. Fintech firms, in collaboration with existing players and consumer companies, are offering specialized services on top of open banking platforms for retail and corporates. With platforms already in place, any company can offer financial services using an application program interface (API). API is a software intermediary that allows two applications to connect. Many fintech firms are using open APIs to offer services in insurance, lending, payments, and investments. Open platforms can be used to scale the business, enabling you focus on core skill-sets, such as research, asset allocation, and trading. Some of the wealthtech solutions gaining traction in India are as follows:

ROBO-ADVISORY:

These digital platforms provide financial advice or investment management solutions with little to no human intervention. These platforms use advanced software and algorithms to build an ideal investment portfolio for customers based on their risk preferences.

DIGITAL BROKERAGE:

These online platforms and software provide customers access to the stock market along with investment-related information.

INVESTMENT TOOLS AND PORTFOLIO MANAGEMENT:

These digital platforms enable customers to check their entire investments and liabilities in one place for better analysis and tracking.

B2B SOFTWARE:

These companies support the adoption of digital wealth management through specialized software or platform.

10.4 ORGANIZATIONAL STRUCTURE

Generally, these organizations have a relatively flat and lean structure. Platforms are built on IPs and therefore a large employee base is not needed. The entire product team, engineering, and sales report to the business head.

10.5 ROLES

ENTRY-LEVEL POSITIONS:

Focus on enhancing demonstrated skillsets in your area of interest, such as research, asset allocation, investment banking, fund management, and trading. You will need to constantly learn by challenging the status quo.

Individuals with an engineering background need to capitalize on programming skills and technical aptitude. Individuals from a nontechnical background need to learn programming at this early stage in your career. Build the technical aptitude to adopt and understand technology, interconnected systems, open platforms, APIs, cloud computing, automation tools, and a product-centric approach.

MID-LEVEL POSITIONS:

With the investment management industry experience, you can accelerate technology-led innovation in your respective area of expertise. You need to capitalize digital network effects in your profession. Promote creative thinking and a cross-disciplinary approach to problem solving.

SENIOR-LEVEL POSITIONS:

Capitalize on opportunities with growth in the industry. This is the best time to expand the business by bringing platformization in whatever you do to achieve scale. Entrepreneurship is feasible within a short span in this AWS era of financial services. Make data handling and digital transformation an essential element of future business decisions. Leverage the API economy, interconnected systems, cloud unit economics, and scaling with network effects through platforms.

10.6 COMPENSATION

Irrespective of the years of experience, remuneration would depend on demonstrated skillsets and how you create a high impact in your role to make the organization future ready. Embracing platformization in your skillsets can help you scale any area of business nonlinearly. Compensation and career growth also take a similar trajectory. Even if you are a nonengineer but have an aptitude to link products and technology with sound programming knowledge, you can command a significant premium.

Entry-level engineers earn between INR 12 and 15 million. An experienced hire (someone with an MBA or a CFA charterholder) can earn between 30 and 50 million, depending on skills and years of experience.

** Compensation ranges are indicative only and are based on inputs from industry practitioners and findings from surveys. Compensation may change depending on the type of company, location, and skills and performance of the individual.*

10.7 SKILLS REQUIRED

Careers are becoming more technology-based because of the shift in investment management led by platformization. Previously, this transformation was about building a product with mass-market appeal, but now the focus has shifted to building products with greater personalization. On a platform, product management supplants relationship management because the customer is interacting on a digital platform. Although communication and networking skills are still important in investment management, they should be accompanied by aptitude to embrace technology. APIs should be well understood by everyone pursuing a career in the investment management space.

Data scientists, AI/ML experts, software engineers need to have core technical skills. Expertise is required in analytics, product management, automation, and digitization of services to reduce operational costs and enhance digital experience for customers. An empathetic understanding of customer expectations needs to be built into the user experience design of the digital product. This requires a ground level face-to-face understanding of the customer.

10.8 HOW THE CFA PROGRAM HELPS

Pursuing the CFA Program helps candidates gain specialized investment management knowledge. The curriculum is designed and updated according to the changing facets of the industry. The continuous education programs offered by CFA Institute will augment your niche skills.

10.9 RESOURCES

The aptitude to understand technology is paramount. Hands-on work in programming, to an extent, will help in the long run. Learning any language, such as Python or Matlab, will be good to start, whether you have a technical or a nontechnical background. In addition, networking helps as job positions generally are filled through referrals.

10.10 BEYOND PLATFORMIZATION

Platformization is an upcoming sector with continuous innovation to develop new products. Experienced professionals from other sectors are venturing into this sector to build solutions. Individuals can pursue an entrepreneurial route only after gaining sound industry knowledge and technical expertise.

10.11 COMMON INTERVIEW QUESTIONS

Questions may focus on financial concepts, logical ability, and data science, depending on the job requirement. Some common questions are as follows:

1. Can you present a case study with a solution to a problem?
2. What do you understand about portfolio management?
3. How do you build a model portfolio for a risk-averse investor based on certain parameters?
4. What is logistic regression?
5. What is the difference between regression and classification?
6. What are the different types of ML algorithms?



Other than the must-have soft skills, such as communication and networking skills, develop an aptitude to embrace technology around your niche skill-sets that you have in investment management, build a product-based thinking approach for digital strategy, and convert your empathetic and human psychology understanding into digital workflows and products that have better user experiences to deal with human behavioral biases in investment management.

UJJWAL JAIN, CFA

- 2009 – Earned a bachelor's degree in computer science engineering from Jadavpur University
- 2009 – Joined the hedge fund DE Shaw, helping to build a complex treasury platform to maximize capital efficiency, enhance returns, and minimize counterparty risks
- 2013 – Handpicked to join a joint venture between DE Shaw and Reliance Industries, setting up to build a technology-driven institutional brokerage and proprietary trading business
- 2014 – Joined MSCI in the index technology team, working in index research and product development
- 2016 – Founded WealthDesk, an investment technology platform for an asset and wealth management ecosystem on top of broking/transactional platforms
- 2017 – Earned CFA® charter
- 2022 – Scaled WealthDesk platform ecosystem to more than 50 partnerships across brokers, investment advisers, research firms, and asset managers

11 QUANTITATIVE INVESTING



11.1 SECTOR DESCRIPTION

Quantitative investing is an approach that uses rule-based mathematical models for investment decision making. Quant strategies are computer-based models that analyze historic fundamental or price data to examine sources of alpha. These strategies gained prominence as tools to address behavioral biases in stock picking and to seek persistent alpha. Today, quant investing is not limited to asset management. It is present across the whole spectrum of financial services and functions.

11.2 CORE ACTIVITIES

Quantitative approaches and models are applied in the following functions:

TRADING:

Execution strategies and algorithms to ensure the best execution are the main focus of the trading function. Advanced tools like ML and AI also may be used to identify signals. Hedge funds, mutual funds, proprietary desks, and sell-side firms have a quant trading role.

RESEARCH:

The research function focuses on identifying signals and factors that can generate alpha. Quantitative research analysts also create asset allocation and portfolio construction models. Hedge funds, mutual funds, wealth management firms, family offices, and proprietary desks usually have a quant research function.

RISK MANAGEMENT:

The risk management function usually deals with post-trade and post-portfolio construction risk management. Quant models can deconstruct the portfolios, highlight the biases, and help the manager understand the sources of risk. Buy-side and sell-side organizations, exchanges, and brokerages use quant analysts for risk management.

ANALYTICS:

Analytics deals with postexecution and performance review. Using data visualization and ML techniques, analysts evaluate performance and assess factors for improvement, if needed. The analytics function is most useful for asset allocators, data providers, and data modelers.

11.3 ORGANIZATIONAL STRUCTURE

Organizations can use quantitative investing as a tool to complement their processes, include quant-based strategies alongside other strategies, or be solely quant-oriented. Hence, the organizational structure and your role will depend on the type of organization and the function. A quant firm may structure its functions as shown in figure 11.1.

FIG. 11.1 ORGANIZATIONAL STRUCTURE

HIERARCHY & RESPONSIBILITIES – PLAYER / COACH QUANTITATIVE INVESTING



11.4 ROLES

ANALYST:

An analyst's work revolves around data analysis. It includes cleaning, summarizing, and presenting findings from large data sets. Portfolio analysis also can be a part of this work, depending on the organization and the function. It is essential for analysts to develop an in-depth understanding of the organization's products and research methodologies.

SENIOR ANALYST:

A senior analyst conducts independent research, implements strategies, and creates portfolios for clients based on those strategies. This role involves supporting the research requirements of the PM. A senior analyst will need to support the sales/marketing team by understanding the needs and issues of the clients.

REGIONAL HEAD:

The next level in this field is regional head, who is in charge of a particular geographic region. Regional heads drive new research with the help of senior and junior analysts and publish white papers and articles about those strategies. They also drive sales for those strategies by pitching them to clients.

HEAD OF QUANTITATIVE RESEARCH:

The highest level at a quantitative investment fund is the head of quantitative research/strategies. These heads are in charge of the long-term research agendas as well as sales and marketing efforts across regions.

11.5 SKILLS

TECHNICAL SKILLS:

In addition to understanding financial concepts, technical skills required include statistics, applied mathematics, and programming.

Statistical concepts are needed to summarize large data sets and draw inferences. Applied mathematics concepts, like probability and calculus, are used for back-testing the data and concluding the real-world applicability of strategies. Programming skills can be a great enabler and make testing strategies efficient and quick. Analysts also need to have business skills and understand clients' investment problems and be able to break them down into hypotheses and mathematical equations. Different functions require different levels of finance, statistics, mathematics, and programming knowledge.

A basic understanding of programming will suffice for trading functions at hedge funds and mutual funds. Advanced programming skills are needed at firms deploying high-frequency trading, arbitrage, and other complex strategies. Machine learning and big data techniques are helpful in this function.

A quant research analyst needs to have a strong understanding of finance and statistics along with basic knowledge of programming. Practical knowledge of financial markets, a curious mindset, and an eagerness to learn are of utmost importance. Understanding linkages between risk and return is vital for research analyst and PM roles.

Risk management analysts should have a good understanding of finance, statistics, and math, along with knowledge of data visualization techniques.

For the analytics function, advanced programming knowledge, advanced machine learning, big data skills, and data visualization techniques are required.

SOFT SKILLS:

Quant analysis starts with a hypothesis about a particular investing problem. Data sets are analyzed to draw relevant conclusions regarding the idea and to create forecasting models where required. Quant analysts need to have the ability to break down a problem and create a hypothesis around it. The issue or query is represented as a mathematical equation. Models are then developed to test the assumptions and present results. Hence, critical thinking, decision-making, analytical thinking, creativity, passion for the job, courage, curiosity, and verbal communication are crucial personality traits required.

The pace of innovation in quant investing is rapid. To keep up with new ideas and embed them into your framework and decision-making, you need to be adaptable to new ideas. Usually, all functions in an organization will have quant analysts. Collaboration is essential between analysts across functions for a strategy to be efficient. To be able to collaborate with others is a critical skill.

Quantitative positions may require the skills shown in figure 11.2.

FIG. 11.2 SKILL SUMMARY

Summary of Hard & Soft Skills across Various Types of Firms

SKILLS		HEDGE FUNDS			PROPRIETARY FUND		
		Researcher	Portfolio Managers	Risk Management	Trader	Risk Management	Strategists
SOFT SKILLS	Critical Thinking	H	H	H	H	H	H
	Decision Making	L	H	L	H	L	L
	Analytical thinking	H	H	M	H	M	H
	Creativity	H	M	L	L	L	H
	Verbal communication	M	H	M	L	L	L
	Understanding risk	L	H	H	H	H	M
	Passion	H	H	M	H	M	H
TECHNICAL SKILLS	Mathematical skills	H	M	H	H	H	H
	Programming skills	H	H	L	M	L	H
	Statistical skills	H	M	H	H	H	H
	Financial Concepts	H	H	H	H	H	H
	Database	H	L	M	L	L	H

SKILLS		SELL SIDE			DATABASE/ANALYTICS		HFT
		Analyst	Execution Research	Database Manager	Researcher	Sales	Trader/Researcher
SOFT SKILLS	Critical Thinking	H	H	M	H	H	H
	Decision Making	L	L	L	L	L	L
	Analytical thinking	H	H	H	H	H	H
	Creativity	H	M	M	M	M	H
	Verbal communication	H	M	L	H	H	L
	Understanding risks	L	H	L	L	L	H
	Passion	H	H	H	H	H	H
TECHNICAL SKILLS	Mathematical skills	H	H	L	H	L	H
	Programming skills	H	H	H	H	L	H
	Statistical skills	H	H	L	H	L	H
	Financial Concepts	H	L	L	H	M	L
	Database	H	H	H	H	H	H

KEY HIGH MEDIUM LOW

11.6 QUALIFICATIONS

MBA, engineering, and CA are desirable qualifications for entry-level roles, while the CFA charter is a valuable additional qualification. Engineers fresh out of college are welcome for certain technology-oriented roles. For risk and research roles, a PhD is preferred. The FRM designation is also desirable.

11.7 HOW THE CFA PROGRAM HELPS

The CFA curriculum deals with portfolio management, portfolio construction, financial projections, return on capital metrics, cash flow analysis, asset allocation, and risk management. These concepts are essential for analysts in research roles across all types of organizations. An in-depth understanding of these concepts is needed across all functions in buy-side organizations.

11.8 INTERVIEWING WITH A QUANT FIRM

You will be evaluated on the following:

1. Track record in prior roles
2. Willingness to think outside the box
3. Ability to conceptualize and execute new research
4. Technical proficiency in finance, statistics, and mathematics

You will be asked about the following common technical and behavioral issues:

1. Programming knowledge, statistical understanding, mathematical foundation, and financial markets understanding
2. Assessment of personality traits, such as common sense (highly uncommon!), tenacity, diligence, integrity, and teamwork



The CFA charter has helped me throughout my professional career. It helped me when I was interacting with my investment banking clients in my IT consulting days. It helped me break into fundamental equity research, and it has helped me tremendously in my last decade as a quantitative research analyst. I frequently go back to my (now battered) CFA curriculum to refresh my quant, equity, and portfolio management basics and to validate my investment hypothesis and solutions. Without a doubt, the curriculum is a gold standard in Investment management.

ABHISHEK DHALL, CFA

- 2007 – Graduated from Indian Institute of Technology, Guwahati
- 2007 – Joined Genpact as a software consultant
- 2010 – Joined Thomas White International's equity research team, responsible for developing investment strategies for emerging markets
- 2011 – Earned the CFA® charter
- 2013 – Joined Northern Trust as a quantitative researcher
- 2016 – Promoted to vice president of quantitative research at Northern Trust
- 2021 – Promoted to senior vice president and India head of quantitative research at Northern Trust, responsible for research and development of quantitative and environmental, social, and governance (ESG) investment strategies



CFA Institute helps you learn the core skills of asset management, which help at the start of your career, keeps you updated with industry trends, and provides opportunities to network with like-minded people.

NAVNEET KUMAR, CFA



- 2007 – Earned a master's degree of science in mathematics from the Indian Institute of Technology, Bombay, and started professional journey as quant analyst, HSBC Asset Management
- 2010 – Joined WNS Global Services as senior analyst
- 2011 – Joined ARP Investments as quant analyst
- 2014 – Earned the CFA® charter
- 2015 – Joined MSCI as senior associate, Factor and Portfolio Research
- 2017 – Promoted to vice president, Factor and Portfolio Research, MSCI
- 2020 – Earned the Certificate in Quantitative Finance (CQF) charter
- 2021 – Promoted to executive director, Data Science Research, MSCI

12 ACADEMIA



12.1 SECTOR DESCRIPTION

A career in academics is a fulfilling and continuous learning pursuit. Being in academics gives you the freedom to spend time on projects that attract you the most. It creates an opportunity to mentor students, conduct research, and become a self-administered boss. Academicians believe it is a great career choice as they can satisfy their intellectual curiosity on a daily basis.

Recently, the number of institutes offering management education have grown significantly to 5,500. The 10th report of the All India Survey on Higher Education (AISHE 2019-20)¹ provides data on several indicators. There are 416,000 students enrolled in bachelor of communication degree programs. At the postgraduate level, MBA programs have enrolled 609,000 students. Specialization in finance remains a popular choice among MBA students.

Interestingly, the number of industry professionals thinking about joining academics is increasing, too. This trend bodes well for colleges operating at a pupil-to-teacher ratio (PTR)

of 28. Worldwide, a PTR of 10 is considered to be ideal. Industry professionals joining hands with institutes will be a win-win situation.

12.2 TYPES OF EMPLOYERS

Two types of institutions dominate higher education. Entities in the regulated sector are by far the oldest. Formal, technical, and professional institutes are in this framework. Examples include Delhi University, IITs, and IIMs. Vocational, language, and corporate training providers are in the unregulated sector. New-age education firms like Khan Academy, Byju's, and Coursera also fall in the unregulated category.

12.3 CORE ACTIVITIES

Academicians engage in teaching, mentoring, approving new curriculum, developing new programs, and producing original research work.

12.4 ORGANIZATIONAL STRUCTURE

An academic institution may structure its full-time positions as shown in figure 12.1.

FIG. 12.1 ORGANIZATIONAL STRUCTURE AND COMPENSATION



12.5 ROLES

Individuals begin as assistant professors with zero to two years of relevant experience. After achieving a minimum experience of five years, academics can become associate professors. It will take another five years to become a full professor. director, dean, or chair, as these leadership positions are offered after 10 years in the field. The tenure considered for promotion is usually in teaching. Nevertheless, research and industry experience can also add value.

Moving up the academic ladder within the institute requires three things: fulfilling minimum experience criteria, receiving great teaching feedback, and authoring high-quality research publications. Apart from full-time roles, there are contractual faculty positions called adjunct or visiting faculty. An adjunct faculty member needs to commit one to three days a week to teaching. A visiting faculty member will teach one entire course.

KEY ATTRIBUTES:

Just about anyone can become an academic. Having proper intent and a good attitude will matter significantly.

Candidates can become guest lecturers or freelance trainers, or can follow an entrepreneurship route.

Professionals can work with the world of academia without leaving their corporate jobs. Individuals can take thought leadership sessions or offer special or guest sessions and also help students as mentors for practical projects. Join on the academic advisory board or aid in content development. CFA Institute, for example, has to keep up with the best and latest industry practices. It also encourages its members to participate in content development to strengthen its world-class curriculum.

In a completely different vein, you can quit your corporate career. Many CFA charterholders have become freelance/independent trainers or have opened their own institutes. They may be involved in CFA Program prep training or industry-oriented courses. Training programs on topics, such as financial and valuation modeling, stock markets, and investment banking are in great demand.

12.6 COMPENSATION

Figure 12.1 provides the average compensation range for various full-time positions. An adjunct faculty receives a consolidated month-end salary (based on the number of hours taught) and remuneration for visiting faculty is offered on a course-to-course basis. Incentives beyond salaries accrue from extra teaching, consulting, and administrative work. Faculties earn additional income by conducting management development programs (MDPs). The most significant source of extra income is paper publications and royalty income from writing books. B Schools can pay INR 100,000 for a B-category publication and a startling INR 20 million for an A-rated publication.

** Compensation ranges are indicative only and are based on inputs from industry practitioners and findings from surveys. Compensation may change depending on the type of company, location, and skills and performance of the individual.*

12.7 SKILLS REQUIRED

Candidates should develop several essential traits to shine as an academician. You should have deep knowledge and passion about a subject. Connecting with students is a testament to being a great teacher. As teachers, communication and listening skills are paramount. Last, professors should be approachable for any additional support.

For director, dean, or chair positions, a flair for management and leadership is considered essential.

A master's degree in business administration (or equivalent) and PhD (or equivalent) are leading educational qualifications for full-time roles. Education providers also set a minimum number of high-quality publications for certain positions. The number may range from two publications for an assistant professor to 12 publications for full professor.

12.8 HOW THE CFA PROGRAM HELPS

As a lecturer, completion of the CFA Program ensures specialized learning about all aspects of investment management. The content is frequently updated, and CFA Institute membership offers continuous professional learning. Consequently, the knowledge gained reinforces mastery of subjects taught. The students, college peers, and superiors recognize the effort needed to complete a globally renowned professional qualification.

B Schools welcome industry professionals, especially those with 10–15 years of work experience. Senior corporate resources already have demonstrated expertise in some

areas. No PhD or research experience is mandatory for these institutes. Having the CFA Program credential is often regarded highly during the employment decision-making process. A CFA charterholder from the industry will be able to impart required information for students to adapt to the corporate world.

12.9 RESOURCES

Create a short list of colleges and institutes of your choice. Check the requirements and match your expertise to assess the likelihood of an opportunity. Like other career paths, networking can increase job prospects.

Because of the emphasis on excellent qualifications and research, start plugging the gaps early on. Publication on platforms like Scopus, Web of Science, or *Financial Analyst Journal* (FAJ) will be ideal. Start by writing short articles or blogs. These articles may be published on the CFA Institute Enterprising Investor blog, CFA Society India blog, or an individual LinkedIn/WordPress accounts. Also look at CFA Institute Asia-Pacific Research Exchange (ARX) website, which is a research hub that accepts contributions on various topics on investment management.

12.10 BEYOND ACADEMIA

Academicians can continue their work journey as board members, authors, online course creators, life-skills coaches, or consultants. Corporates and regulators offer well-regarded educators their board positions. They can become editors, reviewers, or authors for various publication houses. Edtech firms offering massive open online courses (MOOCs) have opened new gateways for trainers to expand their offerings. Structuring the content for an online course is done according to the individual's choice. Given an enormous exposure to mentoring students, teachers can become life-skills coaches postretirement. Last, finance faculty members can join the investment management industry as consultants.

12.11 INTERVIEWING FOR ACADEMIA

It is more prudent to know about the hiring process as outlined by a management school. Many institutions will invite job aspirants to come for face-to-face trial classes with students. Research presentation on appropriate discipline will follow. Applicants should be ready to meet these requirements.

Footnotes

1. All India Survey on Higher Education 2019-20: https://www.education.gov.in/sites/upload_files/mhrd/files/statistics-new/aishe_eng.pdf

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The CFA charter is an acknowledgement of one's talent, knowledge, and competence, and it is one the most prestigious designations in the investment industry.

DR. SACHIN MATHUR, CFA



- 1995 – Started career with the *Economic Times* Research Bureau
- 1996 – Moved to INFAC as a telecommunication analyst
- 2000 – Joined CRISIL as manager of research and led a team researching diverse sectors and companies
- 2003 – Promoted to head of research, leading verticals in sectoral, credit, and customized research
- 2011 – Made a career switch to academics and consulting with multiple assignments
- 2016 – Earned the CFA® charter
- 2016 – Joined ICFAI Business School as faculty in finance
- 2017 – Awarded PhD by NMIMS, Mumbai
- 2017 – Moved to School of Business Management, NMIMS, Mumbai as associate professor; published cases and research papers and a case book on financial management
- 2019 – Became area chair (finance) at SBM-NMIMS, Mumbai

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If you cherish what you do, you will do it with complete involvement and that is the key to be successful.

MONIKA CHOPRA, CFA

- 2001 – Joined Panacea Biotech as a management trainee
- 2002 – Started the academic journey as a lecturer in Punjab
- 2003 – Moved to Delhi and since then has taught at various management schools
- 2009 – Awarded PhD
- 2016 – Earned CFA® charter
- 2017 – Joined International Management Institute (IMI)
- 2019 – Became the program chair (term based) for the postgraduate diploma in management (banking and financial services) program at IMI

CFA SOCIETY INDIA VOLUNTEERS

Aanchal Almal is currently working with DSP Investment Managers as a manager for Passive Products. She has more than seven years of experience in the finance industry as a buy-side analyst and, prior to that, as a family office manager involved in equity research, portfolio management, and advisory services. She is an active volunteer with CFA Society India.

AANCHAL ALMAL, CFA



Kunal Agarwal is an analyst with an investment bank, working in their emerging market, fixed income, foreign exchange, rates, and credit products sales. He has more than six years of experience in commodities operations in the Indian equity derivatives space, where he has managed private clients for a brokerage firm. He also has worked in banking services as well as early-stage start-ups and incubators. He is an active volunteer with CFA Society India.

KUNAL AGARWAL, CFA



Parvez Abbas is an assistant director at Acuity Knowledge Partners. He has more than 14 years of experience spanning across structured products, investment advisory, credit risk management, and portfolio valuation and analytics. He has served various clients, including global banks, private equity firms, and hedge funds. He has worked for American Express, Genpact, and Cians Analytics. He speaks on finance-related topics in business schools in India and actively volunteers for CFA Society India. He has earned an MBA and is a CFA® charterholder.

PARVEZ ABBAS, CFA



Rakesh Agarwal has more than 10 years of experience in the fintech and financial services industry in multiple roles, such as financial planning and analysis, investor relations, credit, and project finance. He is currently working as director of Business Finance at Mobikwik. He holds a bachelor of technology from YMCA and an MBA from IIT Delhi. He is a CFA® charterholder and volunteers with CFA Society India.

RAKESH AGARWAL, CFA



Shivani Chopra is a seasoned finance professional with more than 12 years of experience along a career track in private equity, investment management, and academia. She has worked with organizations like Genpact and Copal Partners and also has worked on leverage buyout deals (LBOs) for US-based private equity clients. She has also imparted corporate trainings in investment research. Presently, she is a trainer for various finance-related courses. She serves as a co-chair of the Public Awareness Committee for CFA Society India.

SHIVANI CHOPRA, CFA

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<https://www.cfainstitute.org/research/multimedia/2021/career-insights-into-quant-and-algo-trading>

ACADEMIA

1. CFA Institute webinar – Career Insights into Academia by Monika Chopra, CFA

<https://www.cfainstitute.org/research/multimedia/2020/career-insights-academia>

2. All India Survey on Higher Education – 2019-20

https://www.education.gov.in/sites/upload_files/mhrd/files/statistics-new/aishe_eng.pdf

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