



# An Introduction to Technical Banking Interviews

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# Introduction

## What is a technical interview?

- Either a standalone round, or part of the interview where questions focus on key content relevant for the role. E.g. accounting/valuation knowledge, understanding of economics/markets, knowledge on regulations, or technological trends in finance etc

## Why do Banks bother with technical interviews?

- Helps demonstrate your passion and a genuine interest in the role
- Allows the interviewer to probe the boundaries of your knowledge. What you may have been taught versus what you have learned through self-directed research/study
- Gives the interviewer a basis to understand what your level of knowledge is and how quickly you will be able to learn what you don't know

## What level of “technicals” do I need to demonstrate?

- It depends on your previous experience/study, division you are interviewing with. It also depends on your interviewer!
- Often, the interviewer is not looking for the one “right” answer. Rather, they want to see how you think and how far you can progress along the problem

## What's the secret sauce?

- Preparation, preparation, preparation!
- Understand the core skills required in the division you are applying to



# What to prepare

## All areas of Banking

- Good understanding of DB, it's different divisions and what they do. Key elements of our strategy
- Our key financials like stock price, revenue, countries we operate in etc
- How a bank makes money, and specifically what role your division plays within that
- The specific responsibilities associated with the role you are likely to take
- Recent industry wide news such as regulation or general market movements

## CB&S

- Corporate Finance: Accounting (a good understanding of the 3 financial statements and key financial metrics), valuation techniques used and how to apply them. Be prepared to talk about a transaction you have closely followed. Can involve a case study
- Markets: Economic principles, different financial instruments and how they work (equity, debt, derivatives, FX, commodities, etc). Be prepared to talk about a stock you follow/trade or your views on the news such as china, UK growth outlook etc. Can also involve market sizing/guesstimate exercise or brain teasers



# What to prepare

## Asset & Wealth Management

- An understanding of the different asset classes and the principles of portfolio management
- Industry trends across different regions and product types
- Recent news and advice you may give an new investor in a sector, product or region

## GTB

- Understanding of cash management, trade financing and general commercial banking knowledge
- FX – how it works and the principles of hedging in particular

## Infrastructure

- Understanding of the key role the division plays as an enabler of front office functions
- Latest industry trends, especially regulation or technological trends where relevant
- For functions such as Finance, a deep understanding of financial statements and analysis is required



# Some sample questions

## General awareness and Markets

	Question	Tips
General market knowledge	Tell me about a <b>recent article</b> (or recent trend) you read in the <i>FT</i>	<ul style="list-style-type: none"><li>—You should be reading the FT!</li><li>—Depth is better than breadth</li><li>—Try and make it relevant to the interviewer</li></ul>
Sales & market knowledge	Pitch me a <b>stock</b> (or other trading idea)	<ul style="list-style-type: none"><li>—Have a couple of trading ideas ready</li><li>—Industry themes and stock positioning</li><li>—Selling skills are key</li></ul>
Principles of finance / asset diversification	If you had £10 million, how would you <b>invest</b> it?	<ul style="list-style-type: none"><li>—State your investment goals</li><li>—Explain asset diversification</li><li>—Layout a good selection of asset classes and expected returns</li></ul>
Geopolitical context	Tell me about <b>major world events</b>	<ul style="list-style-type: none"><li>—Doesn't have to be directly finance related but understand how these issues affect the markets</li></ul>
Detailed markets awareness	Tell me what <b>major indices</b> / commodities / FX rates / bond yields / LIBOR etc. are at and why	<ul style="list-style-type: none"><li>—Understand the market itself as well as the number</li><li>—Have an appreciation for the trend and where it might go next</li></ul>



# Some sample questions

## Brain teasers and guesstimates

	Question	Tips
Logic	What is the probability that the first business day of a month is a Monday?	<ul style="list-style-type: none"><li>—Attempt to see overthink vs underthink</li><li>—Historic average? 1 in 7? 1 in 5? 1 in 3?</li></ul>
Expected value / Probability	If the fair value of a CD today is £5 and it will be worth either £6 or £1 tomorrow, what is the probability that it will be worth £6 tomorrow?	<ul style="list-style-type: none"><li>—Expected value = fair value</li><li>—<math>(0.8)(6) + (0.2)(1) = 5</math></li><li>—Therefore 20%</li></ul>
Guesstimate	<p>How many ping pong balls can you fit in a 747?</p> <p>How many blue cars are there in the UK?</p> <p>How many nappies are sold every day?</p>	<ul style="list-style-type: none"><li>—There is no right or wrong answer</li><li>—The interviewer wants to see a structured approach to your thinking and some good basic maths</li><li>—Create a structure. Think about breaking the problem down into several steps. E.g. You need to estimate the volume of a ping pong ball, and then figure out the volume of the plane</li><li>—State (sensible!) assumptions clearly</li><li>—Remember to account for anything non-standard. E.g. Non-seating space, overhead lockers, cargo space, etc</li></ul>



# Some sample questions

## Accounting, valuation and statement analysis

	Question	Tips
Accounting	Talk me through a typical balance sheet for a company of your choice	<ul style="list-style-type: none"><li>—Understand the 3 financial statements and how they link</li><li>—Have an industry in mind and know the rough numbers you would expect to see</li></ul>
Valuation	What are the different valuation techniques? Which is the best one?	<ul style="list-style-type: none"><li>—Know the difference between intrinsic and relative valuation techniques</li><li>—Understand the pros and cons – no best one!</li></ul>
Financial metrics	<p>Is EBITDA more important or EBIT?</p> <p>What is a PEG ratio and why is it used?</p>	<ul style="list-style-type: none"><li>—Understand metrics like EBIT, EBITDA, sharp ratio, current ratio, cash conversion, PEG, etc</li></ul>



# Key takeaways

Know which technical areas are more likely to be probed for your division

Preparation is key – everything is learnable! Just leave enough time

Don't get flustered on any one thing





Q&A

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# Resources

## Online

- FT & WSJ: General news, trends and market knowledge
- Wall Street Oasis: Forums, interview advice and questions
- Damodaran online (Aswath Damodaran) – Corporate finance and valuation notes and lectures
- Efinancial news: Useful for general market news
- BBC, CNN, etc: General news and trends. Especially political/financial
- Websites from the banks! Look at any free reasearch

## Career services

- Vault guides for finance
- A multitude of books available for finance interviews

## People

- Leverage contacts within DB but more generally too
- Speak to friends/acquaintances/recent grads about how they prepared

## Self-directed

- Tighten up mental arithmetic if it isn't a strength
- Read a lot but form your opinions and be prepared to defend them (ideally with data or facts!)