An Introduction to Technical Banking Interviews
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Passion to Perform
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, its 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

<table>
<thead>
<tr>
<th>Question</th>
<th>Tips</th>
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<tbody>
<tr>
<td>Tell me about a <strong>recent article</strong> (or recent trend) you read in the <em>FT</em></td>
<td>—You should be reading the <em>FT</em>!</td>
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<td>Pitch me a <strong>stock</strong> (or other trading idea)</td>
<td>—Depth is better than breadth</td>
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<td>If you had £10 million, how would you <strong>invest</strong> it?</td>
<td>—Try and make it relevant to the interviewer</td>
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<tr>
<td>Tell me about <strong>major world events</strong></td>
<td>—Have a couple of trading ideas ready</td>
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<tr>
<td>Tell me what <strong>major indices</strong> / commodities / FX rates / bond yields / LIBOR etc. are at and why</td>
<td>—Industry themes and stock positioning</td>
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<tr>
<td></td>
<td>—Selling skills are key</td>
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<td></td>
<td>—State your investment goals</td>
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<td>—Explain asset diversification</td>
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<td>—Layout a good selection of asset classes and expected returns</td>
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<td>—Doesn’t have to be directly finance related but understand how these issues affect the markets</td>
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<td>—Understand the market itself as well as the number</td>
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<td>—Have an appreciation for the trend and where it might go next</td>
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## Some sample questions

### Brain teasers and guesstimates

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| **Logic**                    | What is the probability that the first business day of a month is a Monday?                       | — Attempt to see overthink vs underthink  
— Historic average? 1 in 7? 1 in 5? 1 in 3?                                               |
| **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? | — Expected value = fair value  
— (0.8)(6) + (0.2)(1) = 5  
— Therefore 20%                                                                                     |
| **Guesstimate**              | How many ping pong balls can you fit in a 747?                                                    | — There is no right or wrong answer  
— The interviewer wants to see a structured approach to your thinking and some good basic maths  
— 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  
— State (sensible!) assumptions clearly  
— Remember to account for anything non-standard. E.g. Non-seating space, overhead lockers, cargo space, etc |
|                              | How many blue cars are there in the UK?                                                            |                                                                                                |
|                              | How many nappies are sold every day?                                                               |                                                                                                |
## Some sample questions
### Accounting, valuation and statement analysis

<table>
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<td></td>
<td>Talk me through a typical balance sheet for a company of your choice</td>
<td>—Understand the 3 financial statements and how they link</td>
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<td></td>
<td>—Have an industry in mind and know the rough numbers you would expect to see</td>
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<td>Valuation</td>
<td>What are the different valuation techniques? Which is the best one?</td>
<td>—Know the difference between intrinsic and relative valuation techniques</td>
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<td></td>
<td>—Understand the pros and cons – no best one!</td>
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<td>Financial metrics</td>
<td>Is EBITDA more important or EBIT?</td>
<td>—Understand metrics like EBIT, EBITDA, sharp ratio, current ratio, cash conversion, PEG, etc</td>
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<td>What is a PEG ratio and why is it used?</td>
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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
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 research

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!)