The 400 Investment Banking Interview Questions & Answers You Need to Know

Breaking INTO Wall Street

A MERGERS & INQUISITIONS Production

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Introduction

This guide has one purpose: to help you answer the most important “fit” and technical questions in investment banking interviews. We tell you what’s important and what you need to say – nothing more and nothing less.

Most other guides suffer from several problems:

1. The information is not investment banking-specific. Do you think you’re going to get a question about “Why you’re interested in this position?” I’ll tell you why you’re interested – because you want to make a lot of money!
2. The information is out-of-date, wrong or incomplete (see: The Vault Guide). These days, interviewers assume you know the basics – like how to value a company – and go beyond that with advanced questions that require thinking more than memorization.
3. **No answers are provided**, or there’s minimal direction (see: *The Recruiting Guide to Investment Banking*). Of course, you shouldn’t memorize answers word-for-word, but it’s helpful to have an idea of how you might structure your answers.

4. The questions **do not apply to interviewees from diverse backgrounds**. If you worked at Goldman Sachs this past summer it’s not hard to convince them you’re serious about finance – **but what if you didn’t**? What if you’re making a career transition or you’re coming in as a more experienced hire? That’s what this guide is for.

5. **The guides were not written by bankers**. If you doubt my credentials, just refer to Mergers & Inquisitions, where I’ve written over 300 detailed articles on networking, resumes, interviews, and recruiting for investment banking and private equity. The proof is in the pudding.

Your time is limited – so we get you the answers you need, when you need them (right now).

What follows is a list of 400 investment banking interview questions and answers, divided into different types of “fit” questions (personal, team / leadership, “why banking,” etc.), technical questions (accounting, valuation, DCF, merger models and LBO models, and brain teasers), and other topics (restructuring, distressed M&A, and discussing transactions).

This guide is quite length, but **you don’t have to read everything**. Pick and choose which sections are most relevant to you.

I recommend reviewing the table of contents first and then skipping to the questions you are most in need of understanding. Or you can read the entire guide all at once as well – it’s up to you.

In either case, though, the key is to **apply** what you’re learning and test yourself. Rather than reading everything passively, try to answer each question – and then check whether or not you got it right. Do that, and you’ll be several steps closer to landing investment banking offers.

-Brian

Mergers & Inquisitions
Breaking Into Wall Street
Fit / Qualitative Questions

Although we’d like to think otherwise, there are no “correct” answers you can use for the qualitative questions you’ll get. They depend on your background and your own experience, and everyone’s different.

However, there are good ways to answer and poor ways to answer. In this section, we detail the best techniques along with what you should say – and avoid saying.

Most candidates make 2 big mistakes when answering “fit” questions:

1. They fail to use specific anecdotes to support their points.
2. They do not structure their answers properly.

Whenever you’re asked a generic question about “how you work in teams” or something of that nature, you need to have anecdotes ready to back up what you say.

You should go through this list and your resume and make sure you have stories prepared for the most common questions – you can then use those and then adapt them as necessary for any new questions you get.

Regardless of the question, you also need to structure it properly. Don’t jump around from point to point – start with the main idea you want to get across and then support it with examples. Don’t start going off on tangents about your former life in the circus or how you climbed Mt. Everest.

With the exception of the “Walk me through your resume” question, most “fit” questions should take no more than 1 minute for you to answer.

Be succinct and conversational in your tone, and you should do fine.

Also make sure you review everything on the BIWS site, including the video tutorials on how to tell your “story” and the sample interviews and critiques right here:

- How to Tell Your Story
- Sample Investment Banking Interviews

http://breakingintowallstreet.com
http://www.mergersandinquisitions.com
Analytical / Attention to Detail Questions & Suggested Answers

Analytical and quantitative questions are more common if you’re a Liberal Arts major or if you haven’t had finance, engineering or math experience.

Interviewers are trying to assess whether “you can count” – you don’t need to be a math whiz to be a banker, but you do need to be comfortable with numbers and calculations in Excel.

So if you haven’t majored in something quantitative or your work experience is all journalism-related, you’ll want to prepare a few examples of your analytical abilities.

Even if you have had finance or analytical experience, you’re still likely to be asked about your analytical skills – they want to test your communication abilities and make sure you can express abstract concepts clearly.

These questions are also a good chance to bring up any independent study of finance you’ve done, which will help your case once again.

1. I see you’ve done mostly journalism and research internships before. Can you discuss your quantitative skills?

You should respond by discussing specific times when you had to analyze numbers and/or use logic. Good examples might include: your personal portfolio, any math/science classes you’ve taken, any type of budgeting process you’ve been through, any type of research you’ve done that involved numbers.

2. In your last internship, you analyzed portfolios and recommended investments to clients. Can you walk me through your thought process for analyzing the returns of a client portfolio?

The key is to break everything down into steps and be very specific about what you did. So you might say that “Step 1” was getting a list of when they bought each investment and how much they invested / how many shares they acquired; “Step 2” was finding a list of when they sold each investment, and what they sold them for; and “Step 3” was aggregating this data over the years in-between for each investment to calculate the compound return.
3. Can you tell me about the process you used to analyze space requirements for the building designs you worked on this past summer?

Similar to the reasoning above, break it into steps and start by discussing how you made the initial estimates, then how you refined them and made them more exact over time while staying within budget and collaborating with your team.

4. You’ve been working as a lawyer for the past 3 years – what initiative have you taken on your own to learn more about finance?

You should either present a list of self-study courses or certifications such as the CFA that you’ve obtained, or speak about your own work studying independently from textbooks, self-study courses and other sources. Be conservative with how much you claim to know – re-iterate that you’re “not an expert” but that you have taken the initiative to learn something on your own.

5. You were an English major – how do you know you can handle the quantitative rigor required in investment banking?

Combine the answers to questions #1 and #4 for this one – the key is to use specific examples rather than just saying, “I got a high math SAT score!” Personal financial experience, classes, self-study courses and independent study work well.

6. Can you tell me about a time when you submitted a report or project with misspellings or grammatical mistakes?

It’s unrealistic to claim that you’re perfect and have never done this. Instead, briefly mention a time when you made a careless mistake and then spend the majority of time in your answer discussing what you learned and how you improved, citing another specific example of how you improved the second time around.

7. What’s the most number of classes you ever took at once and how well did you do in each of them?

Once again, it’s best to point to something specific – “During my junior year, I was taking 5 classes at once as well as working part-time and running my business fraternity – and I still got A’s in all of them.”
Not everyone has a perfect answer, but try to think about the most stressful time in your academic life and use that as a reference for your answer.

State the “challenge” first, then how you responded, and then how well you did.

8. **How well can you multi-task?**

In keeping with our theme of specificity, give a concrete example of a time when you were working on multiple projects at the same time – work, school, or activities work equally well for this one. Also emphasize that despite the considerable demands, you pulled off everything successfully. Anything involving teamwork or collaboration is also good to use in this response.

9. **Have you ever worked on a project or report that was shown to a large number of people?**

A journal, student publication or anything similar could be good to mention here, as could anything shown to a client or multiple clients in your work experience or in an internship.

If you don’t have something like this, the best approach is to come as close possible by saying, for example, “I haven’t worked on a widely circulated publication, but I did work on such-and-such…, which required that all the details were perfect and that there were no mistakes…”

You could even cite lab or medical work – even if it wasn’t widely circulated, anything requiring strong attention to detail suffices.
Background / Personal Questions & Suggested Answers

Typical background questions include inquiries about where you went to school (undergraduate and/or business school), what you majored in, and why/where you studied abroad if you’ve done that.

These questions are not too difficult to answer as long as you’re thoughtful and have a decent rationale for what you say.

The key points: come across as an interesting person (which you should have no trouble doing) and also talk about how your experience better prepared you for investment banking.

Even if you did something seemingly unrelated, such as a Math Major, that can be turned into a good response to lead into the inevitable “Why banking?” question you’ll get.

1. Walk me through your resume.

You should really go through all the lessons on telling your “story” right here first:

- How to Tell Your Story

Start at “the beginning” – if you’re in college, that might be where you grew up or where you went to high school. For anyone in business school or beyond, it might be where you went to undergraduate, your first job, or even where you went to business school.

Then, go through how you first became interested in finance/business, how your interest developed over the years via the specific internships / jobs / other experiences you had and conclude with a strong statement about why you’re interviewing today.

Aim for 2-3 minutes – if you go on longer than this, the interviewer may get bored or impatient. Also, do not look at your resume when going through your “story.”

The 4 most important points:

1. Be chronological.
2. Show how each experience along the way led you in the direction of finance.
3. State why you’re here interviewing today.
4. Aim for 2-3 minutes.

What are the most common mistakes with the “Walk me through your resume” question?

1. Going out of order chronologically.
2. Too much exposition – don’t start off by saying, “I’ve had a lot of great experiences.”
3. Being too short (under 1 minute) or too long (over 5 minutes).
4. Not sounding certain you want to do banking/finance.
5. Listing your experiences rather than giving a logical transition between each one.

Again, I highly recommend going through all the video tutorials on this very question – because your “story” is the most important part of any interview:

- **How to Tell Your Story**

2. Why did you attend [Your University / Business School]? I’m sure you had many options. / Why did you transfer to [University Name]?

Say that you looked at a lot of places, but settled on wherever you went due to its excellent academic reputation, its strong business/finance/economics program, or something of that nature. If you were interested in something specific it offered (e.g. you were an athlete and went to Stanford on scholarship, or you went to UChicago because of its excellent liberal arts program) you can mention that as well. Try to sound like you made a thoughtful decision rather than deciding randomly.

If you transferred elsewhere, a similar strategy applies but make sure to emphasize it was for academic reasons. For example, don’t say you wanted to get out of Massachusetts and move to southern California for an “improved lifestyle!”

3. I noticed you studied abroad in [Location]. Can you tell me about that experience and why you went there?

Emphasize you did a lot academically rather than partying 24/7. Many study abroad programs do, in fact, involve partying 24/7, but you don’t want to admit this. You can mention something about the fun you had, trips you went on, and anything interesting you did (climbing Mt. Fuji, starring in a Korean soap opera, excavating ruins in Troy,
etc.) but don’t over-do it and make them think you did nothing constructive while you were there. Think “Work hard and play hard” for this one.

4. Why did you major in [Your Major]?

If it was something related to business/economics, you can discuss your interest in those fields; for other majors, you can emphasize how you liked the challenge and/or had a personal interest in the field, but also took the time to learn the basics of business/finance on your own.

5. Where else did you apply for school? Did you get in anywhere else?

You applied to a number of top schools and got in at other places, but you went through a careful decision-making process and settled on your school for a very good reason.

Show that you’re “in-demand” by others and you always become more attractive – whether it’s to the bank you’re interviewing at or to the schools you’re applying to.

6. I see you wrote here that you’re fluent in [Language]. Can you tell me about your most recent internship in [Language]?

Be prepared for this if you list any common languages on your resume (Spanish, French, Italian, German, Chinese, Japanese, etc.) or if you happen to “get lucky” and your interviewer is a native speaker in one of the languages you’ve listed.

I would suggest some practice discussing your work experience in whatever language(s) you’ve listed and making sure you can speak intelligently, at least briefly, about what you’ve done.

If you really don’t know much, just tell them upfront rather than making a fool of yourself and trying to talk about EBITDA when you don’t know the word for it – I speak from experience on this one.

7. What do you do for fun?

Obviously, don’t say anything illegal or questionable/controversial. If you have anything interesting or not very common (hang gliding, directing movies, bungee jumping) you should bring that up. Otherwise, just be honest and if you really like
watching or playing football (either kind) or other sports, just talk about your interest in those.

8. What was your favorite class in college / business school?

I would not say anything economics/finance-related – it sounds too artificial. Tell them about something you were actually interested in – even if it’s not directly related to banking. They want to see who you are as a person, not whether or not you know all the Excel shortcuts in the book.

9. What are your favorite movies / books?

There are 2 common mistakes:

1. Saying something like Wall Street, American Psycho, or Liar’s Poker that indicates you’re a boring person.
2. Saying something like Harry Potter that indicates you’re borderline illiterate.

Pick something in the middle – above pop literature/film but not something that has to do with finance specifically. That just sounds weird.

10. Tell me something interesting about you that’s not listed on your resume.

Again, don’t say anything illegal/inappropriate – use common sense. Talking about that trip to Easter Island or your Brazilian Jiu-Jitsu championship both work well.
"Career Changer" Questions & Suggested Answers

You probably weren’t thinking about being an investment banker since age 5.

But if you’ve been in an unrelated industry for awhile, you need to be well-prepared for “Career Change” questions.

A variant of “Why banking?” questions, “Career Changer Questions” ask why you’re trying to switch industries, why you picked an unrelated major and have now changed your mind, or even why you’re making a move within finance.

It’s best to point to a specific anecdote or someone who sparked your initial interest in finance – assuming you have a story or person in mind.

But even if you don’t, there are “generic” responses that can work well.

1. You’ve had tons of engineering experience and you’ve worked at many tech companies. Why do you want to be an investment banker now?

Talk about how you dislike the limited advancement opportunities and how your work didn’t affect the world at large – only what that specific company was doing. You want to do finance because you like the business aspect of technology more than the technology aspect of technology and because you want to make an impact with your work and become an investor or advisor one day.

2. You’ve done Big 4 accounting for the past year – why would you want a job that’s a lot more stressful with twice the hours?

Because your accounting work was boring and mundane, and because there were limited advancement opportunities. Finance is faster-paced and you’ve realized that after speaking with a lot of friends and doing your own research that it’s just more suited to your personality.
3. I see you’ve practiced law at Wilson Sonsini for the past 4 years – if you’ve been there that long, you’re probably on Partner-track by now. Why would you want to leave a lucrative career in law and go back to being an entry-level Associate in banking?

Emphasize how business people never respect lawyers and view them as nuisances rather than as a critical part of the team – as a banker, you’d be making deals happen and actually advising companies rather than just proofreading documents and doing “Find-and-Replace” in Word.

Of course, you do a lot of this in banking anyway but this angle still works because bankers really do look down on lawyers.

4. I see you worked at McKinsey one summer and then went to Citi investment banking the next year. Are you sure you want to do investment banking?

Yes. Although you worked at McKinsey, you realized you didn’t like consulting because of the wishy-washy nature of the work (making reports and billing by the hour rather than billing by the result) and the constant travel and lack of quantitative skills/learning.

You enjoyed your Citi internship much more and realized you wanted to be in banking rather than consulting.

5. Wow. I must be honest, I rarely see people who have accomplished as much as you have at your age. You sold your own company for over $1 million within 2 years of starting it, and became a leading real estate investor in Asia at the same time. Why would you ever want to work for other people in banking if you’ve been so successful on your own?

You don’t view things in those terms. Although you did well, there’s always room to learn and banking would be a great learning opportunity for you. You’ve spoken with many friends in the industry and have been impressed by what you’ve heard, and you want to broaden your experience and knowledge so that you can move into higher-stakes business.
6. You’ve worked at a few prop trading firms and also in Sales & Trading. They get paid pretty well and work market hours – so they have it a lot better than us. Why would you want to switch to investment banking?

You didn’t like the culture of trading, and wanted to have more of an impact by advising companies on major strategic decisions rather than just making small trades and investments each day. Banking excites you more because of the broader range of opportunities and experiences it gives you.
Commitment Questions & Suggested Answers

“Commitment Questions” are tricky to answer, because the tendency is to come across either as too unrealistic or too uncertain.

If you’re interviewing for an Analyst position, you don’t want to say you’re 100% certain you’ll be a banker for life – but you should say it’s what you’re most interested in doing, and that you do have plans to stay in finance or business.

MBAs will need to show more commitment and assure the interviewer they are serious about making a career out of it.

Common questions on this topic include where else you’re interviewing, why you’ve switched careers in the past and testing the old “Why banking?” question again in slightly different forms, just to make absolutely certain you’re committed.

1. Where else are you interviewing? Is it just banking? Consulting? Other companies?

Just banking. You’re not interested in consulting / other options and don’t want to waste recruiters’ time.

You need to say this even if you’re so uncertain that you’re deciding between opening a zebra ranch, going on a spiritual journey to Nepal, going back to McKinsey or starting a laundromat with your roommate’s uncle.

2. Are you mostly interviewing at larger banks like us? What kinds of options within banking are you considering?

Mostly larger banks, but you have received some interest from other places so you’re looking at a couple options. If you can mention specific names, that makes your answer even better.

If you’re interviewing in a group like M&A or Healthcare, talk about how you’re mostly speaking with similar groups to show you’re serious about that one area.
3. Before you entered business school, I see you switched jobs about once a year. How do I know that you’re here to stay for the long-term?

Although you switched jobs pre-MBA, it’s quite common to move when better opportunity arises. However, you’ve done a lot of research, spoken with friends, alumni and other connections and are certain banking is for you after doing your own due diligence. You’ve actually looked into other career options and nothing is as attractive to you as banking.

4. Recently some Analysts and Associates have left “early” and jumped to hedge funds or private equity. If the opportunity comes up, why would you stay here instead?

You looked into investing but realized you don’t like the nature of the work – there’s too much due diligence and “looking at deals” rather than taking action and actually doing deals. As a result, after all your research speaking with alumni and other connections, you’re set on banking.

5. Tell me about a time when you failed to honor a commitment.

The key with this type of question is to bring up a “failure” briefly and then to spend most of your time talking about what you’ve learned from it and how you’ve improved rather than dwelling on the failure itself.

6. If I gave you an offer right now on the spot would you take it?

“Yes, show me the dotted line and I’d sign it right now.”

Even if this is a lie, you still have to say it in an interview or you won’t get an offer.

7. Let’s say that we were to give you an offer – how long would you need to decide whether or not to accept it?

“Show it to me and I’ll sign and accept it right now.”

Some people think this is “unethical” if you’re really not certain, but keep in mind that until you’ve signed something in writing you can do whatever you want.
No, they won’t like you if you verbally accept and then renege, but it’s not the end of the world – just the end of your relationship with that bank.
Culture Questions & Suggested Answers

A Managing Director once told me that he had never heard a good answer for the “Why our firm?” question in an interview – but that doesn’t mean you can’t try.

To do so, focus on the people – whom you’ve met and spoken with there, what they’ve told you about the firm and what appeals to you.

Most banks have very similar cultures – people are nice but competitive and driven, and there’s the expectation that you can do endless amounts of work for the firm.

And that’s why focusing on people and anecdotes works much better than giving generic answers.

Other variants of this question include why you want to move to a larger or smaller firm. You can get away with more generic responses in those cases, but if you have a good story you should definitely bring it up.

1. You spent this last summer working at Morgan Stanley’s investment banking division. It seems like you’d be crazy not to go back – why would you want to work for a smaller firm in our M&A group?

You’re most likely to get this one if you didn’t get a return offer – let’s be honest, who really goes from Morgan Stanley to a boutique? It’s a tough sell, but you’ll have to emphasize how you like the smaller environment where you get more responsibility and work more closely with clients. The banker probably won’t believe you, but it’s better than outright admitting you didn’t get an offer.

If the topic does arise, just say your lack of offer was because they were not hiring, because the group did poorly or because of the general economic climate.

2. Since you worked at Bank of America this past year, you probably have the chance to go to a lot of different large banks – why are you interested in us specifically?

There’s rarely a “great” way to answer this question, so I would recommend either referencing someone you’ve spoken with at the bank and what they’ve told you OR if you don’t have any kind of experience like that, you can just give the usual generic reasons given for each bank. This question often reflects a lazy interviewer more than
anything else – the real reason you’re interviewing with any bank is because they’ve given you an interview!

3. When you were working at that boutique this past summer, you mentioned how you liked the smaller team and more hands-on environment. Why not just go back there? Why do you want to move to a large bank?

It’s always good to be positive about your experience, but at the same time you also want to give a good reason as to why you’re moving elsewhere. If you’re moving from a smaller bank to larger one, you want to emphasize learning about how larger / major deals happen, how you want to learn from the best and perhaps even how bankers at your old firm recommended that you go somewhere bigger at the beginning of your career.

4. Why are you interested in our M&A division rather than our industry groups? Our Tech, Healthcare and Energy teams have been really successful this year.

Say that you want to gain solid technical and modeling skills and be exposed to a wide variety of industries and different markets. Depending on the interviewer, it may also be appropriate to mention your interest in private equity (if you’re planning to go that route) and how M&A will get you there.

M&A bankers love to think they’re superior to others because of their “in-depth technical knowledge and negotiation skills,” so you should play off that and use it to your advantage.

5. Why do you want to work in Capital Markets? There’s hardly any market activity these days.

With this type of question – whenever a certain area is depressed at the moment or is not doing well – you want to highlight your long-term view of the market and how things recover in time.

For Capital Markets specifically, you can talk about your interest in the markets since you were much younger and how you’ve always been fascinated by IPOs, secondary offerings and such – as always, specific examples are the key to success.
6. What do you think our bank’s greatest weaknesses are?

This is a silly question, but I can’t say I’ve never heard it before. In a normal “weaknesses” question it’s best to say something real and then indicate how you’ve improved on it, but in this case it’s better to say something more innocuous and maybe point to a “weakness” like not being strong in Europe/Asia, or not having as much experience in one industry as another bank – but then indicate how it doesn’t matter to you because you’re more concerned with other aspects of the firm.

7. Which of our competitors do you admire the most?

This is another silly question that is designed to test your knowledge of the industry more than anything else. The best way to answer: briefly point to a competitor and state a widely known trait about them that you admire and then explain how the bank you’re interviewing with also has that quality and might even be better at it.

For example, Goldman Sachs is known for its “one firm” culture and emphasis on teamwork, while some boutiques pride themselves on more “entrepreneurial” work environments where those who take the initiative are rewarded.

You could reference these types of qualities and then state how they’re also seen in the bank you’re interviewing with.
“Future” Questions & Suggested Answers

You’ll get questions about your future plans and career goals whether you’re an entry-level Analyst or Associate, or even when interviewing for higher-level positions.

The way you answer these types of questions depends on your level – if you’re an MBA interviewing for an Associate position or anything above that, you need to show long-term commitment to investment banking and be more certain about what you’re doing.

At the Analyst level, it’s better to say you’re not certain yet, but that you do want to be in business or finance and that banking will give you the skill set, experiences and network you need.

Be careful of hinting that you want to start a company or do anything unrelated to banking – those types of answers can work but they can also backfire easily if you don’t handle them correctly.

1. I realize it’s still early in your career – you haven’t even graduated yet – but have you given any thought to your long-term plans? Do you think you’ll stick with investment banking?

If you’re interviewing for an Analyst position, you can be more uncertain about your future and just state you don’t know 100% where you’ll be yet, but banking is what excites you most and is what will give you the skills you need to succeed. For prospective Associates, you need to be more certain about your career path and show some commitment – indicate you’ve done your homework, spoken with many people and really want to make a career out of it.

2. You’ve had quite diverse experience prior to business school. After you complete your degree, where do you think you’ll be going in the long-term?

Since this question is given to an MBA candidate, you’ll want to be more certain and show more direction in terms of your plans. State that you do want to pursue investment banking as a career, after having done extensive research on your own (and hopefully, having had a previous internship or other experience in the field that you can point to).
3. What is your career goal?

This might be my least favorite question of all time, but some lazy interviewers will ask you anyway. Again, at the undergraduate level you can afford to be more vague and just indicate you want to do something in business/finance and advance to a high level; MBA candidates should indicate that they’re in banking for the long-term.

4. Looking into the future 10 years, do you think you’ll still be an investment banker?

Analysts can, and arguably should, be more uncertain, while business school graduates need to be confident about their career choice.
Strengths / Weaknesses Questions & Suggested Answers

You’re not likely to get the standard “Tell me your strengths and weaknesses” question in investment banking interviews – the more plausible variant is “Tell me the feedback you received in your most recent internship / job.”

The most common mistake? Not actually giving strengths and weaknesses.

This might sound crazy, but I’ve conducted many interviews and have seen this one countless times.

You need to focus on the qualities bankers look for when listing your strengths, and give a brief example to back up what you say if you mention something like “attention to detail” or “hard-working.”

When giving weaknesses, make sure you list a real – but not critical – weakness. Don’t say your weakness is that you “work too hard” but also don’t say that your weakness is your “inability to get work done on time.” Something like “being too critical of others” or “getting lost in the details” works better.

You also need to include something about how you have improved upon your weaknesses and/or overcome failures in the past.

1. In your internship this past summer, what feedback did you receive?

This is a variant of the “strengths and weaknesses” question. The most common mistake is being vague and just saying you performed well and they liked you, and then failing to give weaknesses / areas for improvement.

The right way to answer this question is to state specific qualities about you that they liked – such as ambition, drive, attention to detail, or willingness to go the extra mile for the team – and then give some specific examples of times when you demonstrated those qualities. Your all-nighters, the times you stayed the weekend working on a presentation, or the time you caught mistakes someone else above you missed are all good to mention.
The other critical part is mentioning weaknesses / areas for improvement as well – talk about real weaknesses and how you’ve worked to improve them (see more on this in #2 below).

2. What were a few areas that your team said you should try to improve upon?

The 2 most important points to remember with the “weaknesses” / “failure” question:

1. Give a real weakness rather than saying you “work too hard.”
2. Show how you improved on it, using specific examples.

What are “real” weaknesses you could give? Maybe you weren’t as communicative with the team as you should have been at the start; maybe you got lost in the details sometimes and failed to see the big picture; maybe you were too impatient with others or did not delegate tasks appropriately.

The point is to say something that is a real weakness but which is also not a “deal-breaker” – like saying you don’t like to work hard or can’t stand working in teams.

After that, state how you’re working to improve your weakness. Perhaps you gave more regular updates to your superiors; or maybe you started leveraging other peoples’ knowledge or the administrative staff at your work more often.

3. Did you get an offer to return to where you worked last summer?

If you did get an offer, this is an easy question: “yes.” If you did not receive an offer, I would strongly recommend against lying about it – state that you did not receive an offer, and it was due to the economy, because your group was not hiring or due to other forces beyond your control.

The danger with lying is that finance is a very small world and it’s quite easy to ask a friend or a friend of a friend what really happened.

4. After going through the accounting program at PricewaterhouseCoopers for the past year, what sort of end-of-year review did you get?

This is a disguised “tell me your strengths and weaknesses” question, so you should follow the advice given above. Since it’s in relation to a full-time position you’ve held,
you should be a bit more thoughtful about what you say; generic answers won’t work as well if they ask about your performance in a specific job.

5. Let’s imagine that your best friend is describing you in 3 words – which words would he/she use and why?

This is just, “Tell me your strengths” in disguise, but you need to narrow it down to 3 words. Since it’s your friend describing you, you don’t want to say, “Driven, attentive to detail and a team player!”

You do want to convey the same ideas – that you can work hard, play well in teams, and get things done no matter what obstacles you face – but you should pick your own language to get this across.

For each word you list you should also give 1-2 sentences to back up what you say, using a specific example for each one.

6. Imagine that I’m speaking to someone with whom you have not gotten along in the past – what would he/she say about you?

This is just a disguised “weaknesses” question. However, since it involves someone else this time, it’s better to give a weakness such as being stubborn and holding too rigidly to your own views rather than some of the other faults you could state. Weaknesses related to team/group settings are better here.

And once again, you need to emphasize how you’ve worked to improve whatever it is that you did not do well at the time.

Don’t say something like, “I get along with everyone!” as that sounds unrealistic.

7. Why would we decide not to give you an offer today?

This one is a bit tricky because it’s so direct. You could attempt to make a joke out of this one and say something like, “If you decided you weren’t hiring at all!” but that may not go well if your interviewer doesn’t appreciate humor.

Otherwise, the best response may be to turn this around and say, “I see no reason why you wouldn’t – I’m your best choice because….” and then give your strengths instead.
If they really press you on this, you can admit a weakness and then say how you’ve been working to improve it.

8. Tell me why we should hire you in 3 sentences.

This is yet another variation of the “strengths” question. But rather than giving generic strengths, you should highlight any unique experiences you’ve had. So maybe you haven’t had banking internships before – but you have had unique experience abroad, in an unusual setting, or doing something not many others have done, or you’ve overcome unusual hardship – and those make you particularly well-qualified.

Try to make your answer some variant of “I’m smart because of [School / Academics], I can do the work because of [Internships / Previous Jobs], and I’m an interesting person and fun to be around because of [Unique Experience].”

9. What was your greatest failure?

As with any “weaknesses” question, you need to use a specific story – such as an exam where you did not do well, a project that did not go as planned, or a work situation that did not turn out well – and show what you learned from it and how you’ve improved since then. Don’t say something fake like, “My greatest failure was getting into Yale and Princeton but not Harvard” – that makes you look silly. It’s better to give something real and then show how you’ve used the failure to develop.
Team / Leadership Questions & Suggested Answers

Teamwork and Leadership Questions are not as common as you might expect in banking interviews – many of these will come through when you discuss your work experience.

However, you could still get these questions – especially if you haven’t had much team/group experience.

You have to include anecdotes in your answers because almost every question will ask for a specific event, project or experience.

Before going into interviews, you should review everything you’ve done in school and at work and pick some team projects that would be good to discuss.

1. Can you talk about a team project or some kind of group activity you’ve worked on before?

Ideally, you will talk about something that was a success rather than a failure. You should use the following 3-point structure for these questions:

1. State upfront what the problem was – Maximizing returns? Attracting more donors for your nonprofit? Winning more customers?
2. Talk about the team you worked in, who did what, and what your role was. Did you manage people or delegate tasks? Those are best, but if you were a “foot soldier” that can also work as long as you worked long hours, were attentive to detail and/or came through in the end to save the team in some way.
3. State the results – Did your brand awareness go up? Did you get more funding? More members for your organization?

This is one of the fundamental questions that you need to be prepared for, because it will almost always come up in some form in interviews.

2. Can you describe a situation where a team did not work as intended? Whose fault was it?

This is another variant of the “failure” question.
I would recommend starting with a situation where your team *did* work as intended and talk about how it *wasn’t* working at first and what you did to fix it.

*Never* blame someone specific – instead, say that there were “personality conflicts” and that you worked to resolve them.

To make things even easier, you could re-use the story you told in question #1 but instead position it as a failed team situation that turned into a successful one.

3. Can you discuss an ethical challenge you were confronted with and how you responded?

If you’ve already worked full-time, any ethical challenges you faced at work or any whistle-blowing you’ve done are best to discuss; otherwise, you could talk about how you stopped funds in a student group from being used illegally or how you caught someone cheating.

Just make sure you don’t over-dramatize it – your life is not a soap opera and you shouldn’t go on for 10 minutes about your internal conflict deciding whether to turn someone in for their wrongdoing.

4. What was the most difficult situation you faced as a leader and how did you respond?

Point out how you stayed calm and collected in the face of a challenging situation, and how your cool decision-making process led to a positive outcome.

Maybe 2 of your subordinates couldn’t get along and you had to arbitrate; maybe you were 3 months behind on a project and had to get a team together to finish it in 2 weeks; maybe you were an RA in a dorm and you had to prevent 2 residents from harassing each other.

Just make sure that it’s a real problem, as opposed to only getting an A- when you should have gotten an A.

5. Can you discuss a time where you had to sacrifice your time for the sake of a team project?
This is the classic “burn the midnight oil” question, and you should definitely have something prepared for this one. There are 2 key points:

1. Whatever you did had to involve long hours – 60-70 hours per week or more
2. It had to have been over an extended time period – so Final Exam week at school would be a poor example. Aim for something that took place over weeks or months instead.

Maybe you were working full-time and also leading your volunteer group to build shelters; maybe you were taking 6 classes, running a fraternity, and then got called upon to direct that huge Cinco de Mayo festival.

It doesn’t matter too much what it was as long as your story is detailed and convincing.

6. Do you work better as a leader or a follower?

Resist the urge to say “leader” and instead talk about how you can function as both a leader and another member of the team, depending on what the situation calls for. You don’t want to hog the spotlight or do everything, but if leadership is required, you can step up and handle it.

Specific examples to back up the above points are also required.

7. What is your leadership style?

A “moderate” answer works best here. You’re responsible and can make sure things get done, but at the same time you don’t annoy your teammates by micro-managing.

If you’re interviewing for an Analyst or Associate position, you do want to be a bit more “hands-on” and point out that you often go in and correct mistakes to make sure everything’s perfect – since you’ll be spending around 50% of your time doing this.

Again, a specific example is needed once you’ve stated in general terms what your style is.

8. Does the leader make the team?
No, the team makes the team. The leader can provide direction and unify everyone, but 1 person alone is not a “team.” A leader can make things better and turn around a dysfunctional team, but it’s equally important for everyone to pull their own weight.

You can often re-use some of your other “leadership” or “team” stories you’ve used and spin them differently.
Understanding Banking & Suggested Answers

Are you sure you understand investment banking? Are you really sure? Most people going through the interview process – whether students, professionals, or MBAs – have no idea what they’re getting into.

The “Understanding Banking” questions are designed to separate the wheat from the chaff – to verify that you have done your homework and are prepared to accept 80-100 hours per week.

You’re more likely to get these questions if you’re a Career Changer or you’ve never had a banking internship before.

Fortunately, they are relatively easy to answer as long as you’ve done some research and know the basics.

1. You’ve never worked in finance before. How much do you know about what bankers actually do?

You should acknowledge that although you haven’t worked in the field before, you’ve done a lot of research on your own and have spoken with many friends in the industry.

Based on that, you know that bankers advise companies on transactions – buying and selling other companies, and raising capital. They are “agents” that connect a company with the appropriate buyer, seller, or investor.

The day-to-day work involves creating presentations, financial analysis and marketing materials such as Executive Summaries.

2. Let’s say I’m working on an IPO for a client. Can you describe briefly what I would do?

First, you meet with the client and gather basic information – such as their financial details, an industry overview, and who their customers are.

Next, you meet with other bankers and the lawyers to draft the S-1 registration statement – which describes the company’s business and markets it to investors. You
receive some comments from the SEC and keep revising the document until it’s acceptable.

Then, you spend a few weeks going on a “road show” where you present the company to institutional investors and convince them to invest. Afterwards, the company begins trading on an exchange once you’ve raised the capital from investors.

3. How much do you know about the lifestyle in this industry? Do you know how many hours you’re going to work each week?

Say that you’ve done your homework and you understand it’s going to be an 80-100 hour per week job. It helps if you can reference specific times when you worked that much and how you dealt with it, whether it was in a summer internship or a previous job you’ve held.

4. I see you were an English major in college, and had time to participate in a lot of different activities. Can you talk about a time when you had to work long hours and make sacrifices?

This is similar to many of the other questions we’ve been over – once again, emphasize that you not only worked long hours, but also did it over several weeks or several months.

One point that makes this question different: because of the way it was framed, you probably want to discuss something outside extracurricular activities.

5. Can you tell me about the different product and industry groups at our bank?

This one is bank-dependent and will differ for boutiques, middle-market firms and bulge brackets – so you need to research it before your interview. Common product groups include Mergers & Acquisitions (M&A), Leveraged Finance (LevFin) and Restructuring; you could also consider Equity Capital Markets and Debt Capital Markets “product groups” but that one is debatable.

Common industry groups include Healthcare, Retail, Industrials, Energy, Natural Resources, Financial Institutions, Gaming, Real Estate and Technology, Media & Telecom (TMT).
Not all banks are structured this way – Goldman Sachs, for example, does not have product groups and instead handles all types of deals in its industry groups.

Meanwhile, most bulge bracket banks do not have Restructuring groups at all – that is something that only middle-market and boutique firms do.

Finally, a lot of boutiques focus only on M&A and/or Restructuring and ones that are small enough are not even split into industry groups.

6. What’s in a pitch book?

It depends on the type of deal the bank is pitching for, but the most common structure is:

1. Bank “credentials” (similar deals they’ve done to “prove” their expertise).
2. Summary of a company’s options (“strategic alternatives” in banker-speak).
3. Valuation and appropriate financial models (for example, if you’re pitching for an IPO you might show where the IPO proceeds would go).
4. Potential acquisition targets (buy-side M&A deal) or potential buyers (sell-side M&A deal). This is not applicable for equity/debt deals.
5. Summary and key recommendations.

7. How do companies select the bankers they work with?

This is usually based on relationships – banks develop relationships with companies over the years before they need anything, and then when it comes time to do a deal, the company calls different banks it has spoken with and asks them to “pitch” for the business. This is called a “bake-off” and the company selects the “winner” afterward.

8. Walk me through the process of a typical sell-side M&A deal.

A typical sell-side M&A deal with many potential buyers would look like this:

1. Meet with company, create initial marketing materials like the Executive Summary and Offering Memorandum (OM), and decide on potential buyers.
2. Send out Executive Summary to potential buyers to gauge interest.
3. Send NDAs (Non-Disclosure Agreements) to interested buyers along with more detailed information like the Offering Memorandum, and respond to any follow-up due diligence requests from the buyers.
4. Set a “bid deadline” and solicit written Indications of Interest (IOIs) from buyers.
5. Select which buyers advance to the next round.
6. Continue responding to information requests and setting up due diligence meetings between the company and potential buyers.
7. Set another bid deadline and pick the “winner.”
8. Negotiate terms of the Purchase Agreement with the winner and announce the deal.

9. Walk me through the process of a typical buy-side M&A deal.

1. Spend a lot of time upfront doing research on dozens or hundreds of potential acquisition targets, and go through multiple cycles of selection and filtering with the company you’re representing.
2. Narrow down the list based on their feedback and decide which ones to approach.
3. Conduct meetings and gauge the receptivity of each potential seller.
4. As discussions with the most likely seller become more serious, conduct more in-depth due diligence and figure out your offer price.
5. Negotiate the price and key terms of the Purchase Agreement and then announce the transaction.

10. Walk me through a debt issuance deal.

It’s similar to the IPO process:

1. Meet with the client and gather basic financial, industry, and customer information.
2. Work closely with DCM / Leveraged Finance to develop a debt financing or LBO model for the company and figure out what kind of leverage, coverage ratios, and covenants might be appropriate.
3. Create an investor memorandum describing all of this.
4. Go out to potential debt investors and win commitments from them to finance the deal.

The main differences vs. an IPO: there are fewer banks involved, and you don’t need SEC approval to do any of this because debt is not sold to the “general public” but rather to sophisticated institutional investors and funds.

11. How are Equity Capital Markets (ECM) and Debt Capital Markets (DCM) different from M&A or industry groups?

http://breakingintowallstreet.com
http://www.mergersandinquisitions.com
ECM and DCM are both more “markets-based” than M&A. In M&A your job is to execute sell-side and buy-side transactions, whereas in ECM/DCM most of your tasks are related to staying on top of the market, following current trends, and making recommendations to industry and product groups for clients and pitch books.

In ECM/DCM you go more in-depth on certain parts of the deal process, but you don’t get as broad a view as you might in other groups.

12. What’s the difference between DCM and Leveraged Finance?

They’re similar but Leveraged Finance is more “modeling-intensive” and does more of the deal execution with industry and M&A groups on LBOs and high-yield debt financings. DCM, by contrast, is more closely tied to the markets and also focuses more on investment-grade debt.

But there’s always overlap and some banks have just 1 of these groups, some have both, and some divide it differently altogether.

13. Explain what a divestiture is.

It’s when a company (public or private) decides to sell off a specific division rather than sell the entire company. The process is very similar to the sell-side M&A process above, but it tends to be “messier” because you’re dealing with a part of one company rather than the whole thing.

Creating a “standalone operating model” for the particular division they’re selling is extremely important, and the transaction structure and valuation are more complex than they would be for a “plain-vanilla” M&A deal.

14. Imagine you want to draft a 1-slide company profile for an investor. What would you put there?

“Put the name of the company in the header, then divide the slide into 4 equal parts. The top-left is for the business description, headquarters, and key executives. Put a stock chart and the key historical and projected financial metrics and multiples on the top right. The bottom left can have descriptions of products and services, and the bottom right should have key geographies with a color-coded map to make it look pretty.”
15. Let’s say you’re hired as the financial advisor for a company. What value could you add for them if they ask you about their suggested growth / M&A strategy?

At a high-level, first you’d want to see what their expansion goals are and how they can best achieve them – whether it’s by partnering with another company, expanding with a merger or acquisition, or expanding organically with new products.

As the investment banker, you could provide value by making introductions to potential M&A targets and partners, and then advising on the best negotiation strategy, what companies would be most receptive, what type of price to expect, and how to manage the entire process.
“Warren Buffett” Questions & Suggested Answers

“Warren Buffett” questions are designed to test your sense of business, economics and investing. Even though you won’t be investing as an investment banker, you still must look at a business and tell what’s appealing about it and what might be cause for concern.

Common questions include how you would invest a large sum of money, how you would think about investing in companies, and how you would decide whether or not to start a business of your own.

You could also get more general questions about recent industry trends, companies you follow that are particularly interesting, and anything you’ve personally invested in.

To answer these questions successfully, you need to ask the right questions before giving an answer. Which questions, specifically?

1. Always ask what the investor or business goals are.
2. Always ask if there are any constraints, limitations, time horizons, or any other limiting factors.

You should also be citing specific numbers and figures where applicable.

These types of questions often turn into extended dialogues where you try to convince the interviewer of the merits of a particular company or investment.

1. Let’s say you had $10 million to invest in anything. What would you do with it?

Always ask for the investor’s goals first. Are they looking to have big capital gains over 30-40 years? Are they looking for tax-free retirement income? What types of assets interest them?

Based on the response, you can give an appropriate answer. So if they’re investing over 30-40 years and going for high capital gains, a well-diversified portfolio is probably best; if they are more concerned with tax-free income, maybe you should tell them about municipal bonds.
2. If you owned a small business and were approached by a larger company about an acquisition, how would you think about the offer, and how would you make a decision on what to do?

The key terms to consider would be:

1. Price.
2. Form of payment – cash, stock, or debt.
3. Future plans for the company vis-à-vis your own plans.

Of course, there is much more to an M&A deal than this – you could list literally hundreds of different terms.

But those are the key points. To make a decision you’d have to weigh each one – there’s no “magical” way to decide. You might also point out that if something is particularly important to you – such as retaining a role in the company – then a difference of intentions there could be a “deal-breaker.”

3. We do most of our work with technology companies. Can you talk about a trend or company in the industry that has piqued your interest lately?

This is very common if you’re interviewing for any industry group – do some research beforehand on trends and recent M&A deals in the market. It’s easy to find this information for Technology and anything that sells to consumers, but it’s a bit harder for something like Chemicals.

Most interviewees make 3 mistakes with this question:

1. They describe something that is not recent or relevant. Don’t talk about the emergence of the Internet – talk about how companies are shifting their software to the Internet.
2. They don’t explain the “why” – they’re shifting to the web because it’s cheaper and lower maintenance for them.
3. They don’t explain the impact on the market as a whole – such companies are growing very quickly while more traditional companies are either struggling or shifting to that model.
4. Let’s say you could start any type of business you wanted, and you had $1 million in initial funds. What would you do?

You’ll want to ask follow-up questions to see if the interviewer is looking for something more specific, because this one is wide open.

If no further direction is provided, you probably want to say that you’d think about some type of niche business with high margins that requires little startup capital ($1 million is not enough to build 10 factories) and ongoing maintenance – those make it harder to turn a profit and sell the business one day.

(This is one reason why some private equity investors focus on software companies).

It’s better to focus on a niche market because most broad, horizontal markets are already dominated by major companies (Microsoft, Goldman Sachs, Exxon Mobil, etc.).

You should also explain your reasoning on why this type of business would be attractive and how it could grow with minimal future investment.

5. Can you talk about a company you admire and what makes them attractive to you?

Do not use a brand-name or “hot” company. Saying Google, Apple, or Facebook, for example, would be bad.

Instead, go more obscure and pick a company no one knows so that they can tell you’ve done your research and so that they’re less likely to ask probing questions.

You don’t necessarily need to give financial details, but if the company is public and you can easily find the information, it definitely helps.

When you talk about what makes the firm attractive, emphasize qualities that investors would find appealing, such as a great and well-diversified customer base, a unique competitive advantage in the market or a high-margin business model. Don’t say that you like them because your new iPhone is awesome.
6. Let’s assume you are going to start a laundry machine business. How would you analyze whether it’s viable?

To assess whether it’s “viable,” you have to determine whether you can make a profit with the business. For a laundry machine operation, you’d start by looking at the location (the most important part of any retail business), estimate how many customers you could get, how frequently they do laundry and how much they pay each time to do their laundry. Those variables give you an idea of monthly / annual revenue.

On the expense side, the biggest cost would be the upfront construction and/or purchase of the building and the machines. You would probably need a loan for this unless you had a spare $500K in your bank account.

You would also have to take into account the cost of maintaining and servicing the machines, building maintenance, and hiring someone to collect cash, clean, and open/close the building each day.

Overall, location plays the biggest role in the success of this type of business – if you put your new company next to an apartment complex where everyone has laundry machines, you’re doomed from the beginning.

Incidentally, laundry machines happen to be very profitable businesses if run correctly – mostly because they are not labor intensive and do not require huge investments after you’ve gotten started. So you could even use this as an example for the “What kind of business would you start with $1 million?” question.

7. Tell me about an M&A deal that interested you recently.

You want to say who the buyer and seller were – and include background information if they are not household names – as well as the price and the multiples (Purchase Price / Revenue, Purchase Price / EBITDA) if they are readily available.

Read the relevant Wall Street Journal article on it, and discuss the dynamics of the deal – how it developed, if anyone else was interested, and what implications it has for the industry.

You don’t need to be an expert, but you do need to sound intelligent and know the basics. If they start asking for information you don’t know, just admit upfront that you don’t know whatever they’ve asked for.
8. Pitch me a stock.

You can refer to #5 in this section – the company you admire – because both these questions are quite similar. One difference is that if the question is “pitch me a stock,” you need to mention specific financial figures. Since the company is public, it shouldn’t be too hard to find those.

Even if you can’t get Revenue or EBITDA multiples, looking up its P/E multiple and saying whether it’s higher or lower than competitors is a step in the right direction.

The 2 most common mistakes:

1. Failing to list specific financial figures.
2. Saying how the company stacks up relative to its competition, and why its prospects are more favorable.

Structure your answer with the following 5 points in mind:

1. Give the name and summarize what the company does.
2. Give a brief overview of its financials to indicate its size and how profitable it is.
3. State how it’s undervalued or more attractive than its rivals, due to any competitive advantages it has.
4. Say how there is a long-term trend in its favor – it’s not just looking good in the past month.
5. Talk about how the next 5-10 years will be really good for the company.

9. Can you explain the European debt crisis of 2010-2011?

In a nutshell: European countries had lent so much money to other European countries such as Greece, Spain, Portugal, Italy, and Ireland (the “PIIGS”) that the default risk for those countries rose to dangerously high levels.

In the case of Greece, the EU actually stepped in to bail out the country in exchange for budget cuts, higher taxes, and other measures aimed at restoring fiscal sanity in the country; a similar bailout then happened for Ireland and one is being negotiated for Portugal as I write this.
There was a lot of controversy over this because countries with stronger economies – such as Germany – were reluctant to step in and sacrifice themselves to help countries with mismanaged economies.

This crisis was really just an extension of the subprime crisis from 2007 and the lending bubble that had existed before that – broke countries lending too much money to other broke countries, which in turn had lent too much money to other broke countries.

Some pointed to the social welfare programs and European countries living beyond their means as the root cause; others pointed out that with a single central bank in Europe, individual countries could not use monetary policy (lower interest rates) to counter a downturn.

10. What do you think about the banking reform legislation passed in the US and Europe in 2010?

First, note the main effects of this reform: in the US, prop trading, derivatives, and internal PE/HFs at banks were greatly limited and many banks have to divest divisions; new risk management and consumer protection provisions were also introduced.

In Europe there were a number of limitations on bonuses, the percent cash that bonuses can be paid in, and so on.

The best answer here is to say something like, “The reforms were well-intentioned but don’t really address the full causes of the financial crisis – for example, in the US nothing related to Fannie Mae or Freddie Mac was passed, so effectively legislators have completely ignored residential mortgages. Investment bankers’ bonuses had little to do with the crisis, so the reform seems even less effective in Europe – plus it’s vague and the implementation will be much different than what you see in writing.”

There is a more detailed discussion of the reform here:

“Why Banking?” Questions & Suggested Answers

After the “Walk me through your resume” question at the beginning of almost every interview, the “Why investment banking?” is the next most important question you’ll get.

It is particularly important for the Career Changer, whether you’re a working professional looking to get in, an MBA student who has worked in a different industry prior to business school, or a college student who hasn’t had finance or business experience.

The 2 most important points to keep in mind:

1. You’ve done your homework and researched this thoroughly before jumping in. Cite specific people you’ve spoken with.
2. You have a long-term view of your career and are fine making a sacrifice in the short-term.

1. I see you have no relevant finance experience – why should we hire you over someone who’s had a previous banking internship?

Talk about how banking is about what skills you bring to the table and what kind of person you are rather than how many internships you’ve had. Discuss how you’ve worked long hours / in teams / paid attention to details before and succeeded at whatever you’ve done.

If you’re feeling bold, you can also point out that although someone might have had a banking internship, that doesn’t mean he/she did well in it – and that you may be better equipped based on your own experience.

2. I see you’ve worked mostly in wealth management before – why are you looking to switch into banking now?

You want to understand the bigger picture and how and why large companies make decisions rather than just working with individual investors. Working on transactions and making an impact is more interesting to you than giving individual advice to high net worth individuals (or institutions).
3. You’re a smart guy/girl with a lot of options, and right now the economy is not doing well and lots of banks have failed. Why are you still interested in banking when you could do anything else?

Talk about your long-term view and how a downturn could be an even better time to enter the industry because you’ll know how to work when times are both good and bad. In addition, you’ve been interested in finance for a long time and are not going to let short-term difficulties deter you from entering the field – you’ve explored other options and concluded that this is the best one for you.

4. The economy has been improving lately, and more people are “getting interested” in finance. How do I know you’re serious and not just following everyone else?

The reverse of question #3, you can apply a similar strategy here but instead of discussing how it’s an equally good time to start out in banking, just say that you hold a long-term view and haven’t just become interested overnight. Being able to point to specific evidence of your interest – your own portfolio, the finance/business club you’re in, or even day trading – also helps.

5. Where did your interest in finance begin?

Almost anything could work for this one – just make sure it’s not too recent. Otherwise it looks like you became interested on a whim.

Also be sure to explain how your initial interest led you into the internships, activities or jobs you pursued and how those have led you to where you are today.

6. If you enjoyed your last internship and got an offer to come back, why are you trying to switch into investment banking now?

You’re looking for something faster-paced where there’s a better learning opportunity and more of a chance to make an impact. You’ve also been interested all along and realize you really do want to do it now, after having explored other alternatives and not liked them.

If this is a small company to big company move (or vice versa) you can also say something about that, using the standard reasons we went through before – small means more responsibility and client interaction, and big means working on more major deals and learning more technical skills.
7. You’ve advanced into a high-paying position at your current company – why would you want to move here, take a pay cut, and work twice the hours?

This is the key question asked of many career changers and anyone else at the VP-level (or above) at a company who is looking to switch into banking as an Associate.

Here are the major points to emphasize:

1. You’ve done your homework and spoken with a lot of people about this move – and you like the finance work you’ve done before.
2. Banking is faster-paced and appeals to you more because you make more of an impact.
3. You’re fine with the pay cut and additional hours because of the improved opportunities to make an impact and advance.
“Failure” Questions & Suggested Answers

When the economy is bad and when banks aren’t giving out many offers, “failure” is common. Maybe it’s your greatest fear about banking, or your Plan B if things don’t work out.

Or maybe it’s just answering those awkward questions about why you didn’t get an offer last year, or what you did over the past 6 months besides partying in Thailand.

1. What’s your greatest fear about investment banking?

Do not give an actual, legitimate fear (losing your friends/significant other, gaining weight, working too much, hating your life, getting laid off, etc.).

Instead, it’s best to go with something more innocuous like, “Doing a lot of work on deals and not always getting to see them through to the conclusion because anything could cause a large transaction to collapse” or having concerns about the deal flow if the market is poor.

2. What’s your “Plan B” if you can’t get into investment banking this year?

You’ll do something finance-related, in a field like corporate finance / strategy or maybe something else at a bank / financial firm. You also want to point any offers you have, especially if they’re in finance or consulting.

“If I have absolutely no way to get into banking at your firm this year, then I’d go work in the Valuations group at one of the Big 4 firms where I already have an offer – or to the 2 boutiques that keep inviting me in for interviews.”

3. That guy over there is from Wharton/Harvard/LSE and has perfect grades – why should I hire you over him, given that you’re much less impressive?

Bankers hire people who 1) Are smart 2) Can do the work and 3) Are likeable. In addition to meeting all of those criteria, you’ve also done well in the real-world and have stellar recommendations to back you up – plus, since you don’t come from a “blue-chip” background you’re more motivated to succeed than the Harvard guy.
“He does have impressive credentials. But at a bank, you want someone who’s smart, can do the work, and is easy to get along with. I’ve done well in school and am working on an Honors Thesis right now, and I have great recommendations from my 2 previous bosses in my Sales & Trading internships. And I spend most of my free time sky diving and going on adventures in different countries.

So while he may be qualified on paper, in banking it all comes down to real-world experience and what kind of camaraderie you have with everyone. I’m confident that I excel in both of those areas – and since I’m not from a privileged background, I’m even more motivated to succeed than someone who is.”

4. Let’s say your MD is meeting with a client and you have been invited. As he’s presenting, you notice a mistake in the materials – do you point it out?

No – unless it happens to come up in the meeting, in which case you speak only if the MD asks you about it. In that case you should just briefly acknowledge it and then move to a different topic.

It’s bad if you make a mistake like that, but it’s even worse if you embarrass your MD by pointing it out in broad daylight – chances are that no one will notice anyway since they barely read pitch books in meetings.

5. I see you have a big gap in your work experience over the past few months / few years / I see you have a gap of 2-3 years a few years ago – what happened there?

The key here is to spin whatever you’ve done in a positive light. So don’t just say you were out of work / laid off / looking for work at the time – just mention that briefly and then say that you were also doing something else constructive with your time, such as education, travel, volunteering, or a respectable hobby.

If you’ve had some other type of gap because of school, economic hardship, or something similar, you need to find the strength in whatever weakness you had – this is really just a disguised “weakness” question.

So if you had to wait tables for 1-2 years to pay for family expenses or support yourself / pay for tuition, talk about what that taught you in terms of work ethic and what you learned about yourself in the process.
As with any other “Why don’t you have a blue-chip background?” question, you have to tie everything back to the “banker-like” qualities.

“The truth is, my family went through some financial hardships back then and I was forced to take a leave of absence from school for awhile, and spend most of my time working to help them pay the bills. Initially I was pretty upset, but I learned a lot about time management, work ethic, and how to juggle 5 different major responsibilities at once. I lost some time on my peers, but I came out more motivated than before, helped my family get back on their feet, and got started with independent study to help myself catch up.”

6. Why did you get a C in accounting? (Or other bad grade in highly relevant class)

Don’t even try to make up an excuse unless it’s a REALLY good one (e.g. your parents both passed away that semester) – just admit it and then point out what you’ve learned and how you’ve improved since then.

Maybe you took it upon yourself to do additional self-study – or you changed your approach to studying and did much better in subsequent Accounting classes.

7. Why did you NOT receive a return offer from your internship?

For this one it sounds like you’re making an excuse if you say something like, “The market was bad” or “They didn’t give out any offers” – even if both of those are true.

It’s a better bet to say something like, “I did well in my internship and got positive reviews, but I didn’t fit in with the group’s culture. From those I’ve spoken with so far at your firm, I think this is a much better fit for me.”

It’s hard to argue with doing the work well but just not fitting in with the group.

8. You graduated last year and don’t have anything listed on your resume since then – what have you been doing, and did you participate in recruiting last year?

For this one, if it’s a bank you have NOT interviewed with before it’s best to say you haven’t participated in recruiting so they don’t see you as “damaged goods.” But if you’re on the record as having interviewed there before, you need to admit the truth.
You probably want to say something like, “I did some interviewing last year, but I was not focused 100% due to a family situation. I had to spend a few months after graduation attending to that, so I missed out on recruiting, but I did some independent study / additional research / [something else that sounds productive] and am now more focused than ever on banking.”

Remember, almost anything could be a “family situation” and no one will call you on it if you say something like this. You also want to convey that your time since graduating has not been unproductive and that you’re now better-prepared / more focused.

9. Why are we your first choice? Wouldn’t you like London or New York more?

Even if you really do prefer New York or London, you can’t say this in an interview with a regional office because your #1 goal has to be getting AN offer – not getting the perfect offer in the perfect location.

It’s best to say something like, “I realize it is unusual and that are other places are sometimes more popular, but I’m most interested in [Location] because it’s the best place for [Industry You Like], I have a lot of friends and family here, and on top of all that the cost of living also beats New York.”

This way you acknowledge their “objection” upfront but also point out solid reasons for picking this location.

10. Why are you so old? (Stated more tactfully)

“I realize I don’t fit the typical profile of someone applying to banking – but that also comes with some advantages. I’ve been around longer and explored different industries, so I have a better of what I want, and I’m going to be more committed than someone just out of school. I’ve also had a lot more leadership experience and understand how to get things done in a large company – and I’ve climbed up steep learning curves plenty of times over the years.”

One of the interviewer’s key concerns for older candidates is how well you can learn new things and work long hours – so you should have specific examples on-hand to address both of these “objections.”
“Outside the Box” Questions & Suggested Answers

You’re likely to receive a number of “outside the box” questions in interviews, especially if your interviewer is the creative type or if you’ve given “boring” answers in your interview so far.

The main mistake you can make here is taking yourself too seriously. With these questions, the interviewer is trying to get at what makes you “cool” and sets you apart from other people.

So try to have some fun with these.

1. What type of animal / vegetable would you be?

Some interviewees take this as a cue to tie your choice back to being a team player, hard worker, or such but that’s not the best approach.

For “creativity”-type questions, interviewers want you to be… creative. So think about your real personality and say something that matches that.

Example: Maybe you’d be a “hedgehog” because it looks like you have “spikes” on the outside to an observer, but you’re actually warm and fuzzy on the inside.

2. Let’s say that in the future your name turns up as the front page headline of a newspaper one day – what would the story be about?

With this type of question you can show more “banker-like” traits such as ambition and hard work – but you shouldn’t take it too seriously.

So maybe the headline states that you climbed Mt. Everest, sold your company in an IPO, or became a best-selling author – you want “ambition + creativity / coolness” for this type of question.

Hopefully the headline wasn’t about your indictment for insider trading.

3. Tell me a joke.

“Q: What was the best part of Playboy’s IPO?
   A: The pitch book.”

http://breakingintowallstreet.com
http://www.mergersandinquisitions.com
If you have a female interviewer or someone else who might get offended, then try the following corny but impossible to offend joke instead:

“A dog goes into an investment banking job interview, and the banker says to him, ‘You’ve got the job, but only if you can do three things. First, you have to be able complete an LBO model in 30 minutes.’ So the dog runs to a computer and astoundingly creates a full model in 30 minutes.

That’s very nice! Next, you must be able to spread 10 comps manually in under an hour. Immediately, the dog sits down at the computer and completes everything in only 30 minutes.

‘That’s perfect! Lastly, you must be bilingual.’ So then the dog says, ‘Meow!’ ”

4. What’s your personal Beta?

“Beta” in the Capital Asset Pricing Model (CAPM) measures expected return and expected risk. Higher Beta means a higher potential return, but also more risk.

You probably want to say above 1.0, but not too much above it – you’re much more ambitious than the average person, which causes you to try lots of new things and achieve quite a bit, so that inevitably carries some risk.

But you’re not so reckless that you take careless risks – it’s all about moderation. Don’t go over 2.0.

Bankers like to think of themselves as “entrepreneurial” even though banking is extremely different from entrepreneurship, so you should take advantage of this line of thinking and indulge them.

5. What’s the riskiest thing you’ve ever done?

Don’t say “cocaine” or any other drug / porn-like / illegal activity (this should be common sense but you wouldn’t believe the emails I get).

But you also can’t say, “I sat next to the unpopular kid one day…” because that’s not risky at all.
Try to discuss an internship or job experience you had that you never expected to get, or some type of extracurricular/leadership experience that was somewhat random and turned out to be great – and talk about how it was a calculated risk and that you got a lot out of the decision you made.

If you can point to something you had to be proactive to get, this is a good time to bring it up.

6. Let’s say that you have $1 million, but you are NOT allowed to invest it or otherwise use it to create more money. What would you spend the capital on instead?

Don’t say, “I would start my own business…” or “I would invest it in…” – many people completely ignore the actual question here.

It’s best to tie this back to whatever your interests and passions are – so you might use the money to support volunteer work you’ve done, extended travel that you’ve always wanted to take, or maybe even to buy that race car you’ve always wanted.

Just make sure your answer is believable – if you have never worked at a non-profit or in a volunteer group in your life, don’t suddenly try to be a saint. If you love cars, say you would think about buying a car you’ve always wanted… among other things.