

CAREER OPPORTUNITIES IN FINANCE

Department of Finance, Real Estate, and Insurance

PURPOSE OF THE ACADEMIC MAJORS

The Bachelor of Science in Business Administration at CSUN offers options in Finance, Real Estate or Financial Services.

The option in Finance emphasizes the development of theoretical and practical approaches to financial management, security analysis, and portfolio management. The option in Finance also involves the analytical study of money markets, options and futures, real estate, insurance, and financial institutions. The program prepares the student for careers in financial and non-financial institutions, government and its agencies, and for graduate study in finance and business.

The option in Real Estate prepares students for careers in real estate brokerage, real estate valuation, real estate law, mortgage lending, real estate appraisal, and other related fields. The Real Estate option covers various aspects of law, brokerage, real estate finance, appraisal, and real estate investment.

The Financial Services option prepares our graduates for a wide variety of analytical, managerial, or sales careers in the financial services industry. Analytical careers include employment in banking, insurance, investments, and personal financial planning. Sales careers include employment in insurance, securities, and mutual fund sales. Managerial careers include managerial employment in the financial services industry. The program also provides a solid foundation for a career in personal financial planning.

The career fields related to finance, real estate and financial services offer a wide range of opportunities in virtually all industries and sectors of the economy. The individual working in these fields should possess strong analytical, quantitative, computer, and communication skills. The Finance, Real Estate and Financial Services options at CSUN provide sound academic preparation for the student pursuing a career in finance and business.

EMPLOYMENT OUTLOOK AND REQUIREMENTS

A major in Business Administration with an option in Finance, Financial Services or Real Estate is one of the more sought after academic backgrounds to enter the job market. Some positions may require an advanced graduate degree. Studies from the Department of Labor indicate moderate to strong growth for future employment in finance is expected based upon the steady growing economy.

Employers generally seek graduates with strong work ethic, excellent written and verbal communication skills, and an ability to work well with others.

WHAT ARE THE JOBS?

There are two basic career paths in finance. The first is managerial finance, which involves managing the finance function for businesses in the manufacturing and trade industries. These industries make and sell consumer and commercial products. The second is a career in the financial services industry, which creates and sells financial products or services. Banking, securities, real estate, and insurance are all financial service industries.

The job descriptions that follow are divided into two career paths: managerial finance and financial services. Typical entry-level positions available to recent college graduates are presented. Some

advanced positions available after a number of years of work experience and/or an advanced degree are also described. Although many of the top positions in finance are not available to recent graduates, firms frequently hire new graduates as assistants to these positions.

Please note that in the following job descriptions, one asterisk (*) designates an entry-level position and two asterisks (**) designate an advanced position. A review of the job descriptions below should help students understand the many exciting career opportunities available in finance.

CAREER PATH 1:

MANAGERIAL FINANCE

A career in managerial finance can lead to the highest levels of the firm. Studies of chief executive officers (CEOs) of the nation's largest businesses show that the finance/accounting route is still the most common career path to the executive suite. The majority of CEOs has risen to the top after an average of 15 years in various financial management positions in the firm. One reason that many CEOs are chosen from financial management may be that the language of business is dollars, and people managing dollars generally have the attention of a firm's top management. Exposure to these top policy makers can speed an effective financial manager's climb in the organization. Today's chief financial officers often rank third in the corporate hierarchy. Their responsibilities have expanded beyond their traditional finance and accounting functions to include strategic planning, mergers, takeover defense, financing international trade and facilities expansion, and corporate restructuring. As a result of rapid changes in and globalization of the business environment, careers in managerial finance are more intellectually challenging than ever before. Many of the positions described below are part of a firm's treasury function.

Capital Budgeting Analyst/Manager**

The capital budgeting analyst/manager is responsible for the evaluation and selection of proposed projects and for the allocation of funds for these projects. In the evaluation process, the analyst compiles relevant data and makes cash flow projections about proposed projects. The analyst evaluates the projects acceptability based on the firm's asset structure. Upon selection of acceptable projects, the analyst/manager oversees the financial aspects of the implementation of the projects. This job sometimes includes analyzing and arranging the necessary financing.

Cash Manager**

The cash manager is responsible for maintaining and controlling the daily cash balances of the firm. In a large company this may involve managing foreign currency risk and coordinating national or international banking relationships, compensating balances, lockbox arrangements, and cash transfers. An understanding of the business and cash cycles of the firm is essential in projecting the firm's daily cash surplus or deficit. The cash manager is responsible for investing surplus funds in short-term marketable securities or, in the case of a deficit, arranging necessary short-term financing through trade credit, bank notes, accounts receivable or inventory, commercial paper, or other sources.

Credit Manager*

The credit manager administers the firm's credit policy by analyzing or managing two basic activities: the evaluation of credit applications and the collection of accounts receivable. Routine duties involve analyzing the financial condition of applicants, checking credit histories, and determining the appropriate amount of credit and credit terms to offer. The manager also supervises the collection of current and past due accounts receivable. This job requires knowledge of the customer and ability to analyze accounting statements.

Financial Analyst*

A financial analyst may be responsible for a variety of financial tasks. Primarily, the analyst is involved in preparing and analyzing the firm's financial plans and budgets. This function requires a close working relationship with the accounting department. Other duties may include financial forecasting, assisting in

preparation of pro forma statements, and analyzing other aspects of the firm such as its liquidity, short-term borrowing, fixed assets, and capital structure. The degree of specialization of the analyst's duties is generally dependent upon the size of the firm. Larger firms tend to have specialized analysts, whereas smaller firms assign the analyst a number of areas of responsibility.

Treasurer**

Duties involve supervision of the Treasury department which is involved in financial planning, raising funds, cash management and acquiring and disposing of assets. This is an upper management job which requires both analytical skill and the ability to manage and motivate people.

Pension Fund Manager**

The pension fund manager is responsible for coordinating the assets and liabilities of the pension fund. A few very large companies have in-house staff to invest their pension fund assets. Most, however, utilize outside money managers. The pension fund manager develops overall investment strategies to meet the actuarial needs of the fund, analyzes economic conditions and financial market trends, allocates funds among the asset types (bonds, equities, real estate), and selects and monitors the performance of investment managers.

Benefits Officer*

Duties involve managing pension fund assets, setting up employee 401(k) plans, determining health care benefits policies and working with human resources to set up cost-effective employee benefits. This job requires a combination of finance knowledge, knowledge of human resources management and understanding of organizational behavior.

Project Finance Manager**

The project finance manager position generally exists only at the largest firms. Responsibilities include arranging financing for capital expenditures that meet the firm's capital-structure objectives. The manager of project finance coordinates the activities of consultants, investment bankers, and legal counsel. An essential skill of this manager is the ability to evaluate and forecast financial market conditions and to assess their impact on future project financing.

Property Manager [Corporate]**

A property manager is responsible for maximum utilization of the real estate owned or leased by a company. He or she will determine whether surplus or under utilized property should be developed, expanded, upgraded, or sold. Requirements for new office, manufacturing, or warehouse space will be arranged by the property manager, who will lease, develop, or acquire the additional space. The property managers position has become increasingly important in recent years and is now found at most companies with sales over \$100 million.

CAREER PATH 2:

FINANCIAL SERVICES

The financial services industry is the fastest-growing area in finance. It offers career opportunities in banking, securities, real estate, and insurance. Most of the jobs in the financial services industry can be obtained by qualified candidates upon graduation from college. To be successful in financial services, the graduate must understand the key aspects of financial products and services and also be able to sell them to a wide range of customers. The majority of entry-level positions in this career path are sales-oriented.

BANKING

The outlook for future employment in the banking industry seems favorable over the next decade. Banks are hiring graduates with degrees in finance or accounting with a marketing emphasis as well as finance graduates with a technical background in management information systems and computers. Many banks have management-training programs that provide the entry-level trainee with experience in commercial lending, operations, and retail banking. Bank-trainee positions rank among the top entry-level jobs in terms of ultimate salary potential and the number of openings expected in the coming decade.

Loan Officer**

A loan officer evaluates the credit of personal and business loan applicants. Loan officers may specialize in commercial, consumer, or real estate loans. The commercial loan officer develops and monitors the credit relationship between the business customer and the bank. Responsibilities include evaluation of the credit worthiness of the business, negotiating credit terms, monitoring the firm's financial condition, cross-selling the bank's other corporate services, and acting as a financial adviser to individuals and small firms.

Credit Analyst*

This is a common entry level job which requires the credit analyst to evaluate business and consumer loan applications made to the bank. The analyst's duties include projecting a company's future cash flows, evaluating its current financial soundness, visiting and interacting with financial people at businesses and dealing with lenders. He or she will learn a lot about business in this job. Success in this job will depend on one's orientation towards detail, knowledge of accounting and the ability to communicate.

Trust Officer**

Trust officers manage portfolios of investments for individuals, foundations, institutions, and corporate pension and profit-sharing plans. The trust officer and his or her staff research, analyze, and monitor both currently held and potential investment vehicles for retention or inclusion in the portfolios they manage.

Branch Manager**

The branch manager would be responsible for overseeing all activities at the bank's branch office, including opening new accounts, loan origination, solving customer problems, foreign exchange and safe deposit boxes. The branch manager supervises the programs offered by the bank to its customers – installment loans, mortgages, checking, savings, retirement accounts, and other financial products. Most importantly, the branch manager is responsible for establishing relations with customers. This job can be very satisfying, is never boring and requires one to be hands-on. This is one of the fastest growing areas in the banking industry. Many bank managers start as tellers or customer service representatives. Key things to have for this position are customer service skills, empathy, quantitative ability, strong work

ethic, organization and a solid understanding of banking. One can move up to be a market manager and oversee branches in a market.

SECURITIES

The securities industry has experienced many changes in recent years due to mergers among brokerage and investment banking firms. Although the growth of employment opportunities is not expected to be as large as in the mid-to-late 1980s, there are still many positions available for finance graduates.

Financial Planner*

The financial planning industry has grown rapidly in recent years as more people seek professional advice on managing their personal finances. The planner advises the client on budgeting, securities, insurance, real estate, taxes, retirement, and estate planning and then devises a comprehensive financial plan to meet the client's objectives. There are two major certification programs for financial planners, each requiring approximately two years of study and several examinations: the Certified Financial Planner (CFP) credential of the International Board of Certified Financial Planners, and the Consultant (ChFC) credential of The American College.

Investment Banker**

An investment banker acts as a middleman between issuers and buyers of newly issued stocks and bonds. Generally, the investment banker purchases the security issue and then markets it to the public (underwriting). Advising clients about the various financing strategies available to the firm and developing new financing vehicles are important aspects of an investment banker's role. Considerable experience and expertise are necessary to land a job in a Wall Street investment banking firm, but many consider the reward worth the effort.

Securities Analyst**

Securities analysts are the financial experts on Wall Street who study stocks and bonds, usually in specific industries. They are specialists with respect to a particular firm or industry and understand the economic impact of changes in the competitive, financial, and foreign markets on that firm or industry. They are employed by and act as advisers to securities firms and their customers, fund managers, and insurance companies.

Stockbroker*

Stockbrokers or account executives act as agents for people who wish to buy and sell securities. They provide advice to customers on financial matters, supplying the latest stock and bond quotations and latest analyst reports, and responding to customer inquiries. In addition to knowledge of financial analysis and investments, good sales and interpersonal skills are critical for success in this field. Stockbrokers are usually hired by brokerage firms, investment banks, mutual funds, and insurance companies. Job opportunities for brokers are also emerging in traditional financial institutions such as banks and savings and loans. Most brokerage firms offer a training program at the entry level that prepares the stockbroker for the required standardized licensing examinations.

REAL ESTATE

The real estate field offers a variety of positions to the finance and real estate graduate. During the past decade, commercial real estate projects have increased in size, and real estate has become a desirable investment alternative. Institutional investors such as insurance companies and pension funds have become major factors in the industry. Many major real estate developers, operators, and financial institutions with real estate lending departments offer training programs. The outlook for positions in this field is good. However, the real estate market is very cyclical, and opportunities will vary depending on regions of the country.

Mortgage Banker*

Mortgage bankers arrange financing for real estate projects, bringing together the property owner/developer and financing sources. Lenders include insurance companies, pension funds, banks, savings and loans, and major credit companies. The mortgage banker works closely with the borrower to structure the terms of the financing and acts as the borrower's agent to negotiate the financing. The mortgage banker maintains relationships with a large group of financial institutions so that he or she can match each project with an appropriate lender. Mortgage banking companies are generally either privately owned or subsidiaries of bank holding companies.

Real Estate Lender*

Real estate lenders generally fall into two categories: construction lenders and permanent lenders. Real estate lending officers focus on lending funds for construction work. Many banks also provide intermediate-term financing and bridge loans (to cover the period between the end of construction and permanent mortgage financing). Permanent lenders provide long-term mortgage financing, which repays the construction lender, for major real estate projects when construction is complete and certain leasing goals have been reached. All major insurance companies have real estate lending departments.

Real Estate Agent*/Broker* (Residential and Commercial)

Most properties are sold or leased with the aid of real estate agents who are employed by brokers. In California, real estate agents and brokers must be licensed by the Department of Real Estate. Some of the duties of agents and brokers include finding potential buyers and lessees for listed property, showing property, and negotiating sale or lease terms agreeable to both parties. Agents generally specialize in either residential or commercial properties. Commercial brokers work with corporations looking to buy or lease facilities as well as anyone wishing to buy investment properties. Commercial agents analyze property values, income-producing capabilities, and other market conditions to structure acceptable lease or purchase terms. Because many areas of the country have a surplus of office space, demand is strong for successful marketing/leasing agents with a track record of filling vacant space. The demand for commercial and residential real estate brokers is expected to increase in economically developing regions of the country.

Real Estate Appraiser*

Appraisers estimate the market value for all types of properties, ranging from small residential parcels to large commercial properties. They may also prepare cost analyses and feasibility studies for proposed projects. While appraisers may work for banks, specialized appraisal firms, insurance companies, and real estate developers, many are independent practitioners. Specialized education is required to become an appraiser. The major credential is the MAI (Member Appraisal Institute) designation, given by the

American Institute of Real Estate. The demand for skilled appraisers, particularly with the MAI designation, is increasing significantly as companies' pension funds and financial institutions with large real estate holdings require current appraisals of asset values.

Property Real Estate Asset Manager*

Property managers and real estate asset managers are employed by major owners of commercial real estate properties. A property manager's objective is to achieve maximum returns on real estate by handling the day-to-day operations of the firm's real estate assets, including negotiating leases with tenants, planning and implementing capital improvement programs, and controlling operating expenses. The real estate asset manager is responsible for one or more portfolios of real estate, overseeing the property managers, and determining the optimum time to sell or refinance.

INSURANCE

Insurance companies have begun offering more sophisticated financial products, and many consider their agents to be financial planners, providing advice on a broad range of products. Most major insurance companies have comprehensive training programs and require continuing education to keep abreast of new products.

Insurance Agent*/Broker*

Insurance agents and brokers develop programs to fit customers' needs, interview insurance prospects, help with claims and settlements, and collect premiums. An agent is usually employed by a single insurance company, whereas a broker is independent and represents no particular company but can sell policies from many insurance companies.

Underwriter**

Underwriters appraise and select the risks their company will insure. This includes the appraisal of the risks of individuals after analyzing insurance applications, reports from loss-control consultants, medical reports, and actuarial studies. Commercial underwriting involves insuring a firm's major fixed assets, such as heavy equipment. When deciding whether an applicant is an acceptable risk, an underwriter may outline the terms of the contract, including the amount of the premium.

Actuary**

Actuaries use their analytical skills to predict the risk of writing insurance policies on property, businesses and people's lives and health. Actuaries are a crucial part of the insurance process because they use statistical and mathematical analysis to determine the risk of providing coverage. To perform effectively, actuaries must be informed about general societal trends and legislative developments which may affect risk. Actuaries can work either within insurance companies or for government, pension planning organizations or third-party advisors.

Loss Control Specialist**

A loss control specialist's job is to help keep accident and losses to a minimum. The specialist will visit factories, shop floors and businesses to identify potential hazards and to help eliminate them. In the health insurance area, one might work with an organization to promote preventive health care in the workplace or to limit exposure to certain types of ailments. This work requires an understanding of safety

management or engineering. A combination of a technical major and a business major would be outstanding preparation for this job.

Risk Manager**

A risk manager is employed by an organization to help identify the risks that it faces and to make recommendations for dealing with these risks. The recommendations may include the purchase of insurance, adoption of precautionary measures and presentations to upper management. Risk managers are involved in the management of employee benefit plans. Valuable skills include knowledge of the insurance industry and of business practice as well as skill in making presentations to upper management.

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