

Katarína Oravíková Podoliaková

GLOBAL TRENDS AND CHALLENGES IN INVESTMENT BANKING¹

***Abstract:** Investment banking is one of the most dynamic sectors of global finance. Activities of investment banks impact the global economy and are very important to the smooth functioning of capital markets. Thus it is no surprise that the business of investment banking has been subject to a great deal of government regulation around the world. Especially nowadays, investment banks are operating in a rapidly changing and highly regulated environment. Their focus on strategic and operational priorities provides the key to high performance. This paper discusses the major trends and challenges in investment banking industry that we identified in the background of the ongoing macroeconomic developments. We found three areas: responding to regulation, emphasis on the client needs and establishing a new balance, which currently represent the major challenges for globally operated investment banks.*

***Keywords:** investment banking, bank, trends and challenges*

JEL: G 21, G 24

1 Introduction

Investment banking is a very competitive and dynamic business. It is a complicated industry of traders, analysts, brokers, managers, hedgers, retirement planners, and even bankers. As Fleuriet, M. said: “This business is as creative as it is mechanical, as qualitative as it is quantitative; its clients range from middle-American mom-and-pops to international billionaires, from newly created firms to multinational giants. Investment banks also work for governments” ([3], pp. 11). Thus successful bankers constantly anticipate market trends and opportunities, and then align resources to ensure that they serve those opportunities in the best way possible.

Investment bankers perform ongoing analysis of each client to provide smart solutions so that they achieve superior performance. Several important trends have emerged within the investment banking industry. For new opportunities emerging countries now provide a faster growth and thus attract the investment banks attention.

¹ This contribution is the result of the project VEGA (1/0329/11) “Capital market and its role in supporting the real economy of eurozone”.