What is Corporate Banking?

Corporate Banking is the lending arm of the bank. As the name suggests, this division builds and manages relationship with corporate clients, by offering various loan products, services and solutions to them.

Typically the clients include:

**Multi-National Companies:** Organizations with its parent company located overseas and various units spread worldwide. These companies usually have strong networking requirements.

**Large Corporates:** Companies like Tata Group, Reliance ADAG, JSW steel etc. Their banking requirements are large in terms of amount and complicated in nature.

**Small and Medium Enterprises:** This includes companies with a turnover of INR 500-700 crores. For these companies operations are largely localized or they are a vendor to a large corporate.

**Note:** Again, this classification is internal to banks and may vary from bank to bank. Further, as the needs of these clients could be different, the Corporate Banking division is divided into sub-divisions in different banks – Large Corporates, SMEs, Emerging Corporates etc.

Roles available in Corporate Banking:

1) Front End Roles:

**Relationship Manager: Corporate Banking**

Responsibilities: Acquire new business and cross-sell to existing clients. You look at the client’s financial statements, understand his/her business, and offer appropriate solutions to meet his/her needs. These could be a simple loan product such as an Overdraft or other Working Capital Loan. It could also be offering Forex hedging products for their imports/exports.

Revenue targets are attached with this profile, and performance is appraised purely on numbers and relationships that you bring to the table.

Skill sets required:

- Understanding of products
- Understanding of customer needs (One need to do a lot of homework before pitching a product to a corporate)
- One needs to be a good communicator
Trade Sales Manager:

Responsibilities: Same as that of a RM- Corporate Banking, except that he/she deals with clients involved in international trade and offer trade products like Letter of Credit, Bank Guarantees etc.

Skill sets required:

- Understanding of Trade Products
- Understanding of Trade Regulations

Cash Sales Manager

Responsibilities: He/She looks at how cash is moved across the banking system and help companies to manage their receivables and payables efficiently across the globe from a central point.

Skill sets required:

- Understanding of Products
- Technical Orientation (It is highly technology driven, people with some comfort in technology tend to do well here)

2) Credit

Credit Analyst:

The credit division is set up to counter the RM. It evaluates whether the client brought in by the RM is worthy of being provided a loan product/service.

Responsibilities: He/She evaluates financial statements of a company and analyses industry and economic situations before extending a credit facility to a client.

He/She is responsible for identifying warning signals and design cover and covenants around a credit facility to prevent defaults.

Typically credit team comprises of very senior people with experience of up to 10 years, they take a call whether to extend a credit facility, if yes type and tenor of same.

Skill sets required:

- Ability to analyse and interpret Financial Statements
- Strong understanding of economic fundamentals.
- One should be able to map the industry and sense warning signals.

Note: A Chartered Accountant does well here.

3) Operations:

Responsibilities: Typically there are different operation teams for trade, cash, forex etc. These teams help in implementing the deals sourced by front end employees of a bank.

They do not have any revenue target and their performance is measured in terms of delivery and turnaround time.
They are the ones who take care of disbursal, documentation etc. and act as a backbone of the bank.

Skill sets required:

- One needs to be very methodical
- High attention for detail is required (You just can’t pass a wrong entry!)
- Exceptional team handling skills (Usually a team of 5-6 graduates and clerical staff will be reporting to you).

4) Support roles

Additionally one can work in support roles in corporate banking like project finance, debt syndication etc.

In these profiles, banks work with other financial institutions and external agencies to offer various services to its customers. For example: partnering with other banks to fund a big power project.

Hiring outlook:

Most of the hiring in corporate banking happens around RM and Credit. Banks usually train people in credit, product knowledge etc. and then move people to a RM role.

Also, one needs to understand that different banks offer different value. For example foreign banks offer global exposure, private sector banks have great reach and they are good paymasters too.

Public sector banks offer great learning opportunities as they have a greater risk appetite and you end up working on a variety of projects.

Common interview questions:

- What is corporate banking?
- How can we do credit analysis of any company?
- What are the different corporate banking products?
- How is working capital loan amount determined?
- Are you tracking/reading about any sector?
- What ratios you look at to check liquidity situation of a company?

Please note that interviewer would lay special emphasis on your:

- Product knowledge
- Understanding of financial statements.

Thus, you must be very thorough with them.

*Additionally we strongly recommend to research on the organization before going for interview - key financials, awards, promoters, products etc. It’s a must!*