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MIZUHO'S BOLD ASCENT: UNRAVELING THE MYSTIQUE OF BREAKING INTO WALL STREET'S ELITE TOP 10

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Rising Up the Ranks

In the ever-competitive arena of Wall Street, where financial titans like Goldman Sachs, JPMorgan Chase, and Morgan Stanley reign supreme, one foreign banking institution is making audacious moves to secure a coveted spot among the top 10 investment banks. Mizuho Financial Group, a Japanese banking giant, has set its sights on this ambitious goal by 2026, underpinned by its recent acquisition of Greenhill & Co, a boutique advisory firm based in New York.

This strategic move took many in the financial world by surprise, not only due to the price tag, but also because Greenhill's revenues had plateaued for a decade. Mizuho's aspirations are nothing short of remarkable, especially considering the history of overseas banks struggling to gain a foothold in the fiercely competitive U.S. market.

Mizuho's determination to secure a spot in the top 10 of U.S. investment banks is backed by tangible progress. In 2023, the bank ranks 14th in terms of U.S. investment banking revenues, as reported by Dealogic. This marks a significant improvement from its 30th place in 2013. Moreover, in 2022, Mizuho secured the 12th position among U.S. banks in investment banking and trading, according to research group Tricumen.

However, to achieve its goal, Mizuho must surpass formidable competitors such

as Deutsche Bank, RBC, and BNP Paribas. The bank's journey has been facilitated by the missteps of rivals. Notably, one of its rivals, Credit Suisse, is merging with UBS, providing Mizuho an opportunity to gain ground.



Challenges and Cautionary Tales

Yet, history teaches us that the path to success on Wall Street for foreign banks is strewn with challenges. Domestic financial institutions enjoy a significant "home field advantage," as one former senior Wall Street executive notes. Credit Suisse, during the early 2000s internet boom, came closest to breaking this pattern, largely due to the efforts of Frank Quattrone, an executive credited with transforming the firm into a leading banker in that era.

Recent years have seen UBS and Deutsche Bank scaling back their U.S. operations, while even Barclays, which acquired Lehman Brothers' North American business during the financial crisis, faces challenges amidst a wave of departures from its U.S. operations.

Mizuho, however, is adopting a different approach from its Japanese peers, forging ahead with a full-service corporate investment bank rather than relying on partnerships with U.S. firms. The bank claims to operate like a U.S. investment bank, attracting experienced talent that has achieved success in other markets.

The Greenhill Acquisition: A

Strategic Move

Mizuho's acquisition of Greenhill, a firm with about 360 employees, marks a strategic step toward expanding its mergers and acquisitions (M&A) advisory business. Greenhill, founded in 1996, differentiated itself from "bulge-bracket" investment banks by offering advisory services without conflicts of interest.

However, it struggled to keep pace with increasing competition, with revenues stagnating around \$300 million annually over the past decade, missing out on the pandemic-driven profit boom that benefited other banks. Greenhill also faced a looming \$270 million loan maturity.

Mizuho believes it can revitalize Greenhill and make it more relevant to its clients. This strategic move underscores Mizuho's determination to compete in the MA advisory space, complementing its strengths in stock and bond underwriting.



In

Review:

Mizuho's ambitious quest to break into the top 10 of U.S. investment banks is a testament to the evolving dynamics of the global financial landscape. With a unique approach and a strategic acquisition, Mizuho is poised to challenge the established order on Wall Street. However, history offers a cautionary tale, and Mizuho must navigate a challenging path to achieve its audacious goal. As it forges ahead, the financial world watches closely to see if this foreign contender can indeed break the curse that has eluded so many before.