

A Project Report
On
**Study on Corporate and Investment Banking (CIB): COVID-19
Impact and Recovery.**

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Certificate

This is to certify that the project report entitled “**Study on Corporate and Investment Banking (CIB): COVID-19 Impact and Recovery**” submitted by Mr/Ms. **Kirthi Krishnan** (ID No. -**2018B3PS1115H**) in partial fulfillment of the requirements of the course ECON F366, Study Project Course, embodies the work done by him under my supervision and guidance.

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ABSTRACT

The outbreak of the Covid-19 pandemic is an unprecedented shock to the Indian economy. With the prolonged country-wide lockdown, the economy is likely to face a protracted period of slowdown.

Throughout the timeframe, with the colossal expansion in the development example of modern turn of events, the requirement for the corporate and investment have expanded like never before. So, the expanding pattern urges the banks and financial institutions to focus on corporate and investment banking as different division. So, this research is to study the concept of corporate and investment banking and their operational aspects. Attached to it look at the challenges faced by CIB during COVID-19 and their new initiations adapted to recover from the impact of due to COVID.

The Expected Knowledge to be gained after completion of the project are to acquire basic knowledge about what corporate and investment banking is, to know the overall CIB function and presence in India, study about the impact that COVID has created on the CIB market and the challenges faced by them in the pandemic period and finally conclude with a solutions and recoveries adopted to face all their problems by impact. The project would also cover on the precautions steps to be implemented in future if such situation arises.

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1) Introduction

The Coronavirus pandemic, along with the actions taken to contain it including uncommon lockdowns and financial closure and unconstrained decreases in action by numerous purchasers and organizations, has tipped the worldwide economy into a downturn with no equal in present day times.

Each industry is endeavoring to defeat the Coronavirus emergency, and Corporate and Investment banking is no special case. In any case, Corporate and Investment banks have exceptional intricacies as partners are spread across industry verticals and different geographies. Before the pandemic hit, most Corporate and Investment banks were all around set on their growth journey. But the Coronavirus emergency has required an audit of their methodologies.

Adjusting and implanting versatility into plans of action to withstand stuns in the prompt result of the emergency and driving worth administration and development in the post Coronavirus stage have arisen as needs for Corporate and Investment banks. While the way to financial recuperation stays disputable, speculation banks should effectively obtain the imperative capabilities to support restless customers just as adapt to showcase driven reactions from foundation suppliers, controllers, and governments.

This white paper projects a brief knowledge about Corporate and Investment Banking and breaks down the effect of COVID-19 on Corporate and Investment banks.

The objective of this project is to study the banking industry and to acquire basic knowledge about the corporate and investment lending in India and its relevance with respect to banks. To know the impact and challenges faced by CIB during COVID. To look for solutions and new adaptations taken to recover from the impact due to COVID.

The project would focus on three motives:.

- FOCUS 1: Study and get knowledge about what is CIB, its functions and presence.
- FOCUS 2: Impacts faced by CIB during COVID period.
- FOCUS 3: Post COVID implementations and recovery from the impacts.

The first two focuses are completed in the midsem report. In which I made a study about Corporate and Investment Banking (CIB) by getting the knowledge of what CIB is, the role of CIB, CIB's functions, about the pillars of CIB, CIB's key strategies and CIB's customer-centric strategy. Also looked into the overview of Investment Banking in India (i.e., International Corporate and Investment Banks having presence in India, and Leading Corporate and Investment Banks of India). Next we learnt about the Mixed Impact for Corporate and Investment Banks. Finally found few solutions for the question "Post COVID:What will Change?".

We will wind up the project by working on the project's third focus i.e., Post COVID implementations and recovery from the impacts. In this report I compile the additional information about COVID-19 impact on CIB. Lastly covered the CIB's recovery and steps to be adapted to face the new normal. The last focus consists of three steps to come on to a conclusion, they are "how COVID-19 will accelerate the investment bank transformation", "how Investment Banks Must Respond" and "actions to be taken" to get a solution and get rid from the impacts.

2) Impacts

I. COVID-19: Impact on the CIB sector

Coronavirus has produced huge instability and high volatility in global capital markets. While the full effect is yet to be resolved, it's normal that the effects are probably going to proceed from the infection's thump on impacts. As a feature of our report, we investigate the spaces of the corporate and investment sector well on the way to be affected, including valuation and benefit.

Moreover, procurement of fintech and computerized arrangements capacities will have a critical job in the M&A scene to help banks re-plan their plans of action to make due over the long haul in a low revenue environment.

a. Acceleration in worldwide domestic consolidation:

Domestic consolidation is probably going to get pace with the target of expanded working effectiveness at the public level to contend around the world.

b. Rescue and rebuilding arrangements to take off:

Disturbed banks may confront salvage, restructurings and nationalizations bargains as governments/national banks infuse liquidity.

c. NPL development may overwhelm loan development:

Banks with high openness to focused on ventures (lodgings, cafés, travel, oil and gas, and so on) are probably going to confront an expansion in NPLs and a deteriorating of the resource quality. This could fill in as expected freedom for asset management companies and PE investors.

d. PE firms to reevaluate their venture plans:

Distressed valuation in the banking space may address a decent section point for some PE firms that are presently assessing territories to invest their liquidity.

e. Fintech procurement by conventional players:

As subsidizing sources evaporate, battling fintech firms with restricted market experience (particularly online loan specialists) might be compelled to look for coordinated effort or procurement by customary monetary establishments and PE funds.

f. Revival of distressed M&A:

There could be a few chances for troubled distressed investors given the profound rebate that financial institutions are looking in the stock market. Besides, purchasers having excess assets could exploit low costs in the current situation.

g. Specialty finance and challenger-banks:

Specialty finance and challenger-banks are the new plan of action with a solid potential for prevalent benefit; this new banking model is probably going to get the chance to obtain pieces of the pie in the loaning space and could be engaged with potential M&A exchanges.

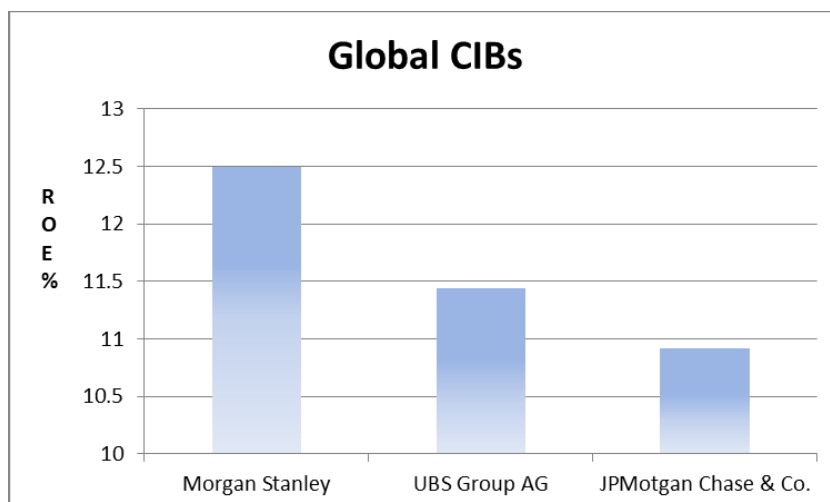
h. Boost for advanced arrangements:

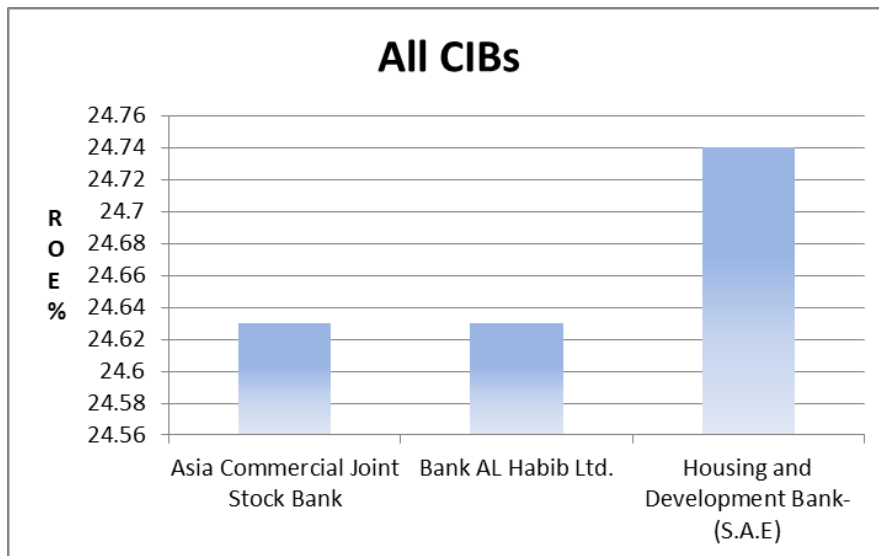
Coronavirus addresses a chance to encourage more prominent utilization of computerized abilities. Fintech and digital solution players, like installments arrangements and moment loaning organizations, are probably going to engage in M&A exchanges with conventional banks to build their operational effectiveness.

II. COVID-19: Impact on Corporate and Investment Bank's ecosystem

The Coronavirus pandemic significantly affected the corporate and investment banking ecosystem. In this infographic we investigate Coronavirus' effect on the exhibition of corporate and investment banks and the ecosystem in which they work, as far as covered customers and deal movement patterns.

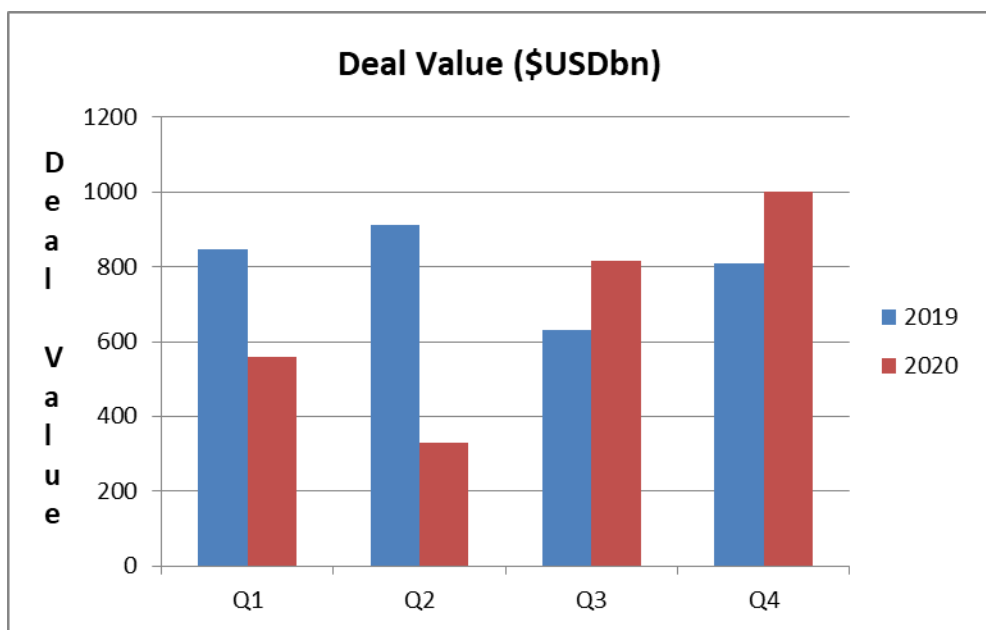
A. Impact to Investment Banks: Top Performers of 2020 by ROE (%)

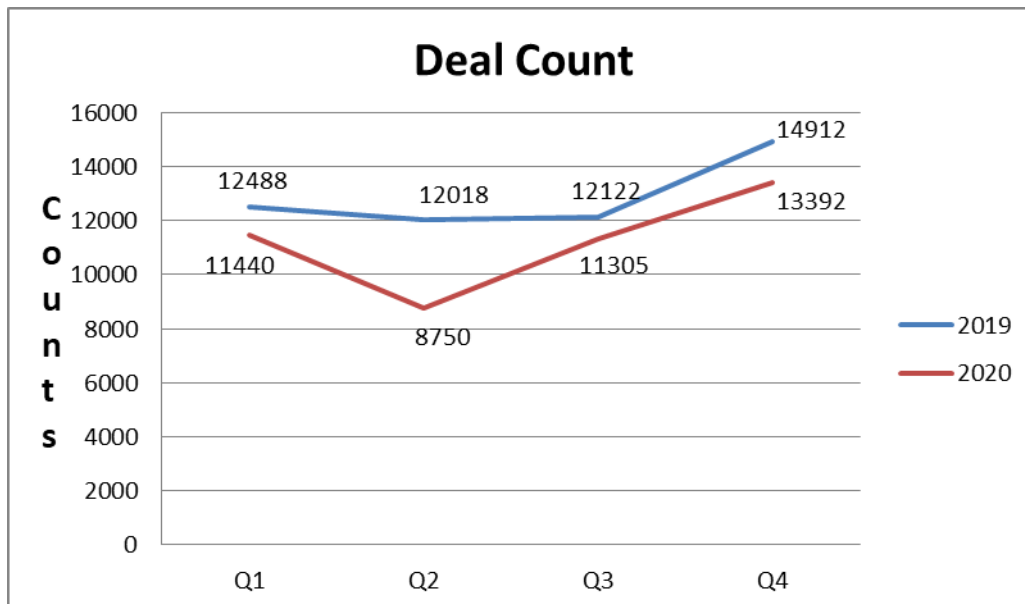




Sector revenues at the 12 driving worldwide corporate and investment banks rose to their most significant level in over 10 years in 2020, driven by capital market instability set off by Coronavirus. ROE rose to a five-year high of 13.2% in 2020, up from 7.5% per year prior. Incomes in the CIB division business, including deal advisory, debt and equity issuance and start, rose 23% year more than year to \$49.4 billion out of 2020. The solid exhibition of the debt and equity capital market sections counterbalance a slowdown in M&A where action dropped because of lower industry-wide volumes.

B. Deal Activity





The complete declared worth of worldwide M&A bargains pretty much multiplied in the second half of 2020 to \$1.736 trillion contrasted with the principal half of the year, as per S&P Global Market Intelligence's most recent M&A and equity offering report. The bounce back came after M&A action eased back significantly during the tallness of the Coronavirus pandemic when financial vulnerability spiked alongside market unpredictability

Universally, organizations in the innovation, media and broadcast communications space created more arrangement declarations (9,017) and a higher reported worth (\$694.23 billion) than some other area. Purchasers hoping to improve their innovation has been a M&A subject for quite a while, and that is relied upon to proceed after the pandemic dies down.

3) Recovery

I. How COVID-19 will accelerate the Corporate and Investment bank transformation

The working of the corporate and investment banking (CIB) divisions of monetary organizations has likewise been essentially disturbed with the removal of staff to a work-from-home climate, driving critical working, social and business challenges.

The economic environment has seriously affected customers of the CIBs. Public governments have acquainted financial and monetary stimulus with balance the slump in economic activity and to balance out market certainty. In the US, this has prompted monetary organizations getting ready to deal with their business in a low and possibly adverse interest rate environment, which had been common in different economies before the pandemic.

With viewpoints recommending a drawn out effect on the business sectors and to day by day life, the CIB measures, customer recommendation, innovation and business blend across the front-to-back esteem chain may appear to be unique as we get through the pandemic and arise into what will be a new normal. Key factors that will shape this new normal include:

a. Preparing a re-visitation of work procedure:

Firms need to create and convey an unmistakable re-visitation of work procedure. The system incorporates identification of the triggers to start get back to on-premises working, the planning and course of events of bringing back capacities and individuals, and clearness on the safety measures taken to restrict the danger of local area spread and the potential for a reappearance. Firms need to think about the general operational danger of each capacity and the capacity to keep up distant working across deals and exchanging, tasks, hazard the board, control capacities and past. The return procedure is the principal stage in distinguishing longer-term key freedoms and needs.

b. The need for a proactive after death:

Firms ought to be proactive in endeavor a profound qualitative and quantitative audit and evaluation of execution through the emergency across front-, center- and back-office functions. The appraisal ought to recognize weaknesses in their business from an exhibition, flexibility and control viewpoint coming about because of the

pandemic. The aftereffects of the evaluation should layout an essential guide to address recognized freedoms and difficulties on need premise. It is normal an after death will likewise frame a vital mainstay of the yearly administrative assessment measure, with numerous organizations previously accepting solicitations from their controllers.

c. Digital enablement of the labor force:

The CIB labor force is customarily office-based, especially in front-office deals and trading jobs. The pandemic set off a critical uprooting of the labor force to work distantly. The change to distant working featured a requirement for more noteworthy advanced enablement through the tool stash firms give to the labor force, both in equipment and programming terms. The manual cycles that stay common across the CIB were especially difficult to execute and screen distantly.

Firms should exploit exercises gained from the pandemic and build up a more adaptable area system where they can get solace that cycles can be adequately digitized to perform reasonably and be hazard overseen fittingly in a far off environment. Firms will likewise have to consider the social effects and contrasts in administrative ability to fittingly empower a high performing society in this better approach for working.

d. Accelerated reshaping of business system:

The pandemic will probably speed up reshaping the business profile and customer offer among the CIBs. We hope to see a more dynamic way to deal with customer, district and business, securing and exit as firms reshape their item blend and spotlight assets on deliberately significant items, customers and geologies.

Firms are relied upon to move the incentive offered to customers, with an expanding accentuation on information driven and logical contributions, advanced toolboxes and electronic market access. There could be a rise of an advanced plan of action, with an essential spotlight on electronic exchanging and the related computerized contributions, to support low touch, high recurrence or cost touchy customers. Such essential move will require a further social change in how CIBs serve and administration their customers as the center becomes selling the stage and not an exchange.

II. How Investment Banks Must Respond

The nature of firms reactions to the Coronavirus emergency will decide their future course in the exceptionally competitive corporate and investment banking area. In my view, corporate and investment banks should set up reaction groups to evaluate effect and plan an essential reaction to manage shifted situations that are probably going to arise as the pandemic crosses through four distinct stages.

a. During the pandemic:

Most business sectors are in the emergency stage with the pandemic at a pinnacle, and governments forcing rigid limitations like lockdowns, social distancing, and go boycotts to check spread. Corporate and investment banks should carry out measures to reinforce their foundation to help remote working, guarantee employee wellbeing, give admittance to new cooperation devices, and embrace operational controls for watchful change the executives. In light of a definite assessment of big business wide effect, CIBs should characterize and carry out an activity intend to imbue strength into plans of action to adjust to the changed circumstance made by the emergency and guarantee continuous assistance conveyance.

b. Transition:

As the effects of the pandemic start to blur, working with unwinding of limitations and continuous uptick in economic movement, corporate and investment banks should zero in on reestablishing basic activities to the working environment and assess the expense acceleration and revenue compression brought about by the emergency. We anticipate that the crisis should trigger an expense saving drive across business foundations and a similar will course to CIBs too. Therefore, customers will look for descending expense updates, further adding to edge and income pressure. The unpredictable environment during the progress stage will request expanded exertion on overseeing operational risk, liquidity, trade tasks, and protections loaning and borrowing. Interest for quality exploration will increment as customers change and adjust their portfolios, focusing on investments that yield better yields.

c. Post Coronavirus:

At the point when a fix is free and the checks are lifted, preparing for complete recovery of economic movement, corporate and investment banks must re-calibrate plans of action to adjust to the post COVID-19 real factors. This will involve

expanding computerized meticulousness and carrying out information bits of knowledge driven arrangements. Economic impulses will constrain CIBs to forcefully execute advanced procedures to improve incentive from existing contributions, improve incomes from current sources, and investigate information adaptation roads.

d. Future-sealing:

Later on sealing stage, firms should find some kind of harmony between nonstop change, growth, and maintainability. Corporate and investment banks have consistently tried to offer comprehensive types of assistance to their customers by developing into a 'one-stop shop' for all their monetary requirements. To additionally fortify this paradigm, investment banks should characterize a change methodology that is driven by the reason that drives their clients. A reason driven system will require speculation banks to use accomplice environments, embrace bits of knowledge driven optimization, enhance client experience, and execute shared investment models.

III. Actions to be taken

The moves that organizations should make to arise more grounded from the pandemic can be gathered under the accompanying key topics:

a. Touchless tasks:

Execute start to finish stage digitalization arrangements, for example, digital customer onboarding and preemptive special case the executives just as artificial intelligence(AI) fueled answers for trade operations risk management. For situations where the utilization of machine learning (ML) arrangements is an over the top excess, information bits of knowledge driven automation will be critical.

b. Offerings for a fresh start:

Dispatch reason driven, digital contributions that oblige customers' core reason; models incorporate computerized research work area to convey focused on research utilizing bits of knowledge from clients, commercial center and online media stages and reconsidering protections loaning and borrowing by utilizing AI to give proposals dependent on constant information experiences for ideal bin the executives.

c. Resilient center:

Inject flexibility into the framework to convey secure working environment climate. Embrace cloud and digital advances, empower self-administration highlights on all channels, and influence accomplice environments for mutualization of administrations; for example, modernizing and streamlining execution of the core risk stage will improve intraday liquidity risk management and dynamic pressure testing. A methodology supported by these subjects will help venture banks to flourish in the post Coronavirus world and better withstand future worldview stuns.

4) Conclusion

The Coronavirus emergency is an uncommon worldwide pandemic occasion, which drastically affects every day lives and the more extensive economy. In the worldwide business sectors, the pandemic has carried critical disengagement with unpredictability and spikes in exchanging volumes, making difficulties in the essential, auxiliary, funding and derivatives markets.

As the effects of Coronavirus proceed to unfurl and the emergency advances. Nonetheless, there is no point of reference for the worldwide nature and boundless impact on the worldwide economy and the financial sector, explicitly. The working of the corporate and investment banking (CIB) divisions of financial organizations has additionally been altogether disturbed with the dislodging of staff to a work-from-home environment, driving huge working, social and business challenges.

The economic environment has seriously affected customers of the CIBs. Corporate customers have confronted critical income and cost difficulties, expecting admittance to credit lines to expand cash available and decreased capital use. Institutional investors likewise have been influenced by huge floods in recoveries and falling resource esteems. Public governments have acquainted financial and monetary stimulus to balance the plunge in monetary action and to balance out market certainty.

The presentation of remote work has muddled the environment further. Most firms have by far most of CIB staff telecommuting, including, eminently, considerable bits of their deals and exchanging front-office labor force.

It ought to be recognized that CIBs and the more extensive market foundation have shown a noteworthy degree of strength to date through the pandemic. The business sectors, in general, stay liquid, though unpredictable with critical worth changes, and operational cycles have encountered a huge expansion in volumes during this extraordinary time. In any case, the pandemic has uncovered certain vulnerabilities and openings, which should be routed to empower more noteworthy strength, supportability and proficiency for the CIB.

With standpoints recommending a delayed effect on the business sectors and to day by day life, the CIB measures, customer suggestion, innovation and business blend across the front-to-back esteem chain may appear to be extremely unique as we get through the pandemic and arise into what will be a new normal.

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