

Commercial vs. Investment Banks

The purpose of this activity is for students to understand how commercial banks and investment banks perform different functions, so that they can understand why retail banks are separated from investment banks in the ways they perform business.

Part 1: Scenarios

Students should work in groups to determine whether a commercial bank or investment bank would perform each of the following tasks.

- Company X wishes to go public and offer shares to investors. They would approach a/an:
- Company Y is running out of money and needs some more capital. They are considering taking out a loan: Company Y would go to a/an:
- Company Z requires all of its employees to have established saving and checking accounts. Company Z's employees would work with a/an:
- Company A needs more factories to manufacture its products. Management can't decide whether to build more factories, or simply acquire another company that already has factories built in convenient locations. To receive more insight on this decision, Company A would go to a/an:

Part 2: Compare and Discuss

Student groups should compare their answers and discuss how they came to each answer.