**Investment Banking Operations**

An investment bank is like a middleman between investor and issuer and helps clients raise money through debt and equity offerings.

Global investment banks include JPMorgan Chase, Goldman Sachs, Morgan Stanley, Citigroup, Bank of America, Credit Suisse, and Deutsche Bank.

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| --- | --- | --- |
| **Bank** | **Number of ATMs** | **Revenue (2023)** |
| JPMorgan Chase | 16,000 | $132.9 billion |
| Goldman Sachs | N/A | $59.4 billion |
| Morgan Stanley | N/A | $60.3 billion |
| Credit Suisse | 1,100 | $22.6 billion |
| Bank of America | 16,000 | $101.9 billion |
| Citigroup | 65,000 | $71.9 billion |
| Deutsche Bank | 2,400 | $28.2 billion |

**IPOs (Initial Public Offerings)**

Companies hire investment banks to issue IPOs and raise capital.

Investment banks assist in underwriting, setting offer prices, and creating a market for the stock.

**Mergers and Acquisitions (M&A)**

Investment banks facilitate M&A deals between companies.

They play critical roles in valuing companies, strategising the merger process, and raising funds for M&A transactions.

**Risk Management**

Investment banks help manage financial risks like currency, loans, and liquidity.

They identify loss areas and control credit risks for effective risk management.

**Research**

Equity research is vital for providing company ratings to aid investor decision-making.

Investment banks offer research reports on companies' performance and market trends.

Key players in investment banking include investment banks, corporate clients, institutional investors, retail investors, regulatory authorities, private equity firms, hedge funds, venture capital firms, law firms, and rating agencies. They collaborate to facilitate financial transactions and provide strategic advisory services in the industry.

**Commercial Banking Operation**

Commercial banking is a type of banking that serves government agencies, businesses, and institutions like colleges and universities. These banks provide a variety of services to these institutions, including checking and savings accounts, lines of credit, and payment processing.

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| **RANKING** | **BANK** | **HEADQUARTERS** | **TOTAL ASSETS** | **TOTAL BRANCHES** |
| 1 | JPMorgan Chase | New York, NY | $3.3 trillion | 4,800+ |
| 2 | Bank of America | Charlotte, North Carolina | $2.4 trillion | 3,700+ |
| 3 | Wells Fargo | San Francisco, California | $1.7 trillion | 4,400+ |
| 4 | Citibank | New York, New York | $1.6 trillion | 650+ |
| 5 | U.S. Bank | Minneapolis, Minnesota | $657 billion | 2,300+ |
| 6 | PNC Bank | Pittsburgh, Pennsylvania | $553 billion | 2,400+ |
| 7 | Goldman Sachs Bank | New York, New York | $538 billion | 2 |
| 8 | Truist Bank | Charlotte, North Carolina | $535 billion | 2,000+ |
| 9 | Capital One | McLean, Virginia | $468 billion | 280+ |
| 10 | TD Bank | Cherry Hill, New Jersey | $366 billion | 1,100+ |

Banks make money by imposing service charges on their customers. These fees vary based on the products, ranging from account fees (monthly maintenance charges, minimum balance fees, overdraft fees, and non-sufficient funds [NSF] charges), safe deposit box fees, and late fees. Many loan products also contain fees in addition to interest charges.

Banks also make money from the interest they earn when they lend money to their clients. The funds they lend come from customer deposits. However, the interest rate paid by banks on the money they borrow is less than the rate charged on the money they lend. For example, a bank may offer savings account customers an annual interest rate of 0.25%, while charging mortgage clients 4.75% in interest annually.

Many banks pay their customers no interest (or very little) at all on checking account balances and offer interest rates for savings accounts that are well below U.S. Treasury bond (T-bond) rates.

**Commercial Banks and Lending**

Consumer lending makes up the bulk of North American bank lending. Some of the most significant categories include residential mortgages, automobile lending, and credit cards.

**Residential Mortgages**

Mortgages make up by far the largest share. Mortgages are used to buy properties, and the homes themselves are often the security that collateralizes the loan. Mortgages are typically written for 30-year repayment periods, and interest rates may be fixed, adjustable, or variable.

**Auto Loans**

Automobile lending is another significant category of secured lending for many banks. Compared to mortgage lending, auto loans are typically for shorter terms and higher rates. Banks face extensive competition in auto lending from other financial institutions, like captive auto financing operations run by automobile manufacturers and dealers.

**Credit Cards**

Credit cards are another significant type of financing. Credit cards are, in essence, personal lines of credit that can be drawn down at any time. Private card issuers offer them through commercial banks.