**Investment banking operation in the US banking system**

Investment banking operations play a crucial role in the US banking system, providing a range of services to corporations, governments, and other entities. Here is a more detailed look at the key aspects of investment banking operations in the US:

**Underwriting and Capital Raising**

* Investment banks help clients raise capital by underwriting the issuance of new debt and equity securities, including initial public offerings (IPOs), follow-on offerings, and bond offerings.
* In 2022, US IPO activity raised over $150 billion, with the technology and healthcare sectors being the most active.
* Investment banks provide pricing guidance, market the securities to investors, and provide liquidity in the secondary market.

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

* Investment banks advise clients on mergers, acquisitions, divestitures, and other corporate restructuring transactions.
* They provide valuation services, identify potential partners, assist with due diligence and regulatory compliance, and structure the financial terms of the deal.
* US M&A activity totaled over $2 trillion in 2022, with the healthcare and technology sectors seeing the highest deal volumes.

**Sales and Trading**

* Investment banks facilitate the buying and selling of securities for institutional and individual investors, including stocks, bonds, derivatives, and other financial instruments.
* They provide market intelligence, pricing information, and execution services to clients.
* Investment banks also engage in proprietary trading, using their own capital to profit from market movements.

**Equity Research**

* Investment banks employ equity research analysts who provide in-depth analysis and recommendations on publicly traded companies and their securities.
* Research reports cover a company's financial performance, competitive positioning, industry trends, and investment potential.
* Equity research helps inform investment decisions and supports the bank's sales and trading activities.

**Other Services**

* Investment banks also provide a range of other services, such as structured finance, asset management, and private wealth management.
* Structured finance involves creating customized financial products to meet specific client needs, such as project finance or securitization.
* Asset management involves investing client funds in various asset classes, such as stocks, bonds, and alternative investments.
* Private wealth management provides financial advice and investment solutions to high-net-worth individuals and families.

**Industry Statistics**

* The US investment banking industry generated revenues of around $150 billion in 2022.
* The top investment banks in the US by revenue include JPMorgan Chase, Goldman Sachs, Bank of America, Morgan Stanley, and Citigroup.
* Investment banking fees in the US accounted for around 30% of the global investment banking revenue pool in 2022.
* The US investment banking industry employs over 100,000 professionals, with the majority working in the largest Wall Street firms.

**Emerging technologies transforming investment banking**

**Artificial Intelligence (AI) and Machine Learning**

* AI and machine learning are being used to automate trade processing, improve point-of-sale credit decisions, and better understand consumer trends and market gaps.
* AI has the potential to boost bank productivity by 27-35%, equivalent to a $3.5 million revenue increase per person.
* 79% of financial institutions plan to increase their tech spending over the next two years, with over a third planning to increase investment by 6-10%. Nearly a quarter listed AI as one of their top three priorities.

**Blockchain and Decentralized Finance (DeFi)**

* Blockchain technology is enabling the development of decentralized finance, which removes the need for financial intermediaries and allows for direct access to crypto assets, peer-to-peer transactions, and yield-generating open platforms.
* Banks are providing access to regulated stablecoins and allowing clients to tokenize and trade assets through licensed decentralized exchanges.

**Natural Language Processing (NLP) and Deep Learning**

* NLP is being used to streamline document processing, with AI scanning and vetting contracts much more quickly than humans.
* Deep learning models are being used to predict exchange rates, stock market movements, and more accurately forecast revenue and investment returns.

**Robotic Process Automation (RPA)**

* RPA is automating repetitive tasks and reducing manual errors, leading to greater operational efficiency.
* RPA is likely to take up to 10-25% of work across all bank functions, according to a report by McKinsey.

**Other Emerging Technologies**

* Open banking APIs are enabling the development of mobile apps that provide real-time market data, analytics, and investment banking sector reports.
* Quantum computing has the potential to unlock hyper-personalization, providing tailored recommendations on products like mortgages that align with individual financial goals.
* Biometrics like voice and fingerprint authentication are making banking more secure and invisible.

**Statistical data**

**Top Investment Banks in the US**

**The largest full-service investment banks in the US include:**

**JPMorgan Chase**

* Global M&A Advisor Ranking: No. 3
* First-year investment banking analyst average base salary: $78,004/year

**Bank of America**

* Global M&A Advisor Ranking: No. 4
* First-year investment banking analyst average base salary: $89,263/year

**Wells Fargo**

* Global M&A Advisor Ranking: N/A
* First-year investment banking analyst average base salary: $92,133/year

**Citigroup**

* Global M&A Advisor Ranking: N/A
* First-year investment banking analyst average base salary: N/A

**Other Notable Investment Banks**

* Goldman Sachs
* Morgan Stanley
* UBS
* Deutsche Bank
* HSBC

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