Transfer Students’ Guide to Finance

CALIFORNIA STATE UNIVERSITY LOS ANGELES

BUS 3050

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# TABLE OF CONTENTS

I. Let’s Begin .............................................................................................................. 2

II. Why Finance? ....................................................................................................... 2

III. Career .................................................................................................................. 3

IV. Cal State LA Courses ......................................................................................... 4

- Prerequisites/Lower Division ............................................................................. 5
- Advisement ........................................................................................................... 5
- Required Courses ............................................................................................... 5
- Electives .............................................................................................................. 6

V. MBA vs. CFA ....................................................................................................... 6

- MBA .................................................................................................................. 7
- CFA .................................................................................................................... 8
- How about Both? ................................................................................................ 8

VI. Recommendations ............................................................................................ 8

- Extracurricular Activities .................................................................................. 9
- Career Development Center ............................................................................... 9
- Candid Career ..................................................................................................... 10
- Financial Sites ................................................................................................... 10
- Computer Skills ................................................................................................ 10
- LinkedIn ............................................................................................................ 10
- Locations .......................................................................................................... 11

VII. Final Thoughts ................................................................................................ 11
I. Let’s Begin

You have transferred to California State University, Los Angeles (Cal State LA), and have taken an interest in Business. You might have realized by looking at the Business Administration concentrations at Cal State LA that Business is more complex than it implies. There are options like Marketing, Management, Entrepreneurship, Accounting, and Finance.

If Finance has caught your attention, this guide will help you determine whether it is the right fit for you by detailing potential career options, post-undergraduate study, and steps to take as a student.

II. Why Finance?

In Finance, “you study how to value cash-flows, businesses, capital projects, and financial securities, and how to make investment decisions” (Cal State LA). In other words, you learn how to understand money, set goals, and make decisions. Regardless of what you do, you will have to make a financial decision at some point, so why not specialize in it? Studying Finance opens doors to various opportunities in any industry because every company needs to make financial decisions, and you could be there to assist them. Deciding which path to follow is your choice; it depends on which area you would like to focus on, and what your goals are.

Finance is an exhilarating and competitive field: you must be able to think quickly, critically, and know how to problem-solve. Each workday is different than the last, so rest assured that you would not be bored. In addition, the Finance field is experiencing job growth. According to the Bureau of Labor Statistics (BLS), financial specialists are to have a 3% projected higher employment growth than all other occupations, and financial analysts specifically have a projected 5% higher employment growth than all other occupations, as seen in the following chart (BLS, 2015).

![Financial Analysts Chart](chart.png)

III. Career

Finance is a vast field; it has many sub-industries. According to David Kochanek, contributor at Investopedia, “the finance industry is multifaceted, offering a variety of positions catering to a number of different skills and interests” (Kochanek, 2008). Therefore, there is something for everyone in Finance. In this section, there will be an overview of some of the popular financial career options that you could pursue. The Career Development Center also shares a helpful outline that discusses what you can do with a Finance degree. It discusses the various areas within Finance, which type of employers would typically be found in each area, and which strategies you should take as a student to maximize your chance of entering that field (The University of Tennessee, 2003).

Here are some of the common sub-industries of Finance:

- **Corporate Finance**: “In general, corporate finance is the field of making investment and financial operating decisions for a corporation” (Cal State LA). Any company can engage in corporate finance since every company will have to make investment and financial decisions at one point or another.

- **Commercial Banking**: “Commercial Banking is the business of providing loans to commercial enterprises” (Cal State LA). Services provided by commercial banks usually involve managing deposits, arranging loans and securities, etc.

- **Investment Banking**: “Investment Banking is the business of assisting firms in raising capital by creating financial securities such as stocks and bonds, buying and then immediately re-selling those securities to the financial markets” (Cal State LA). A key trait of investment banks that separates it from the umbrella corporate finance is that investment banks primarily raise capital for other companies.

- **Securities Trading**: “There are two types of securities trading: 1) Agency trading: execute orders for clients, obtaining securities at the very best price, with the clients owning the securities and assuming the risk of a capital loss, and 2) Prop trading: taking speculative positions in which the bank/trading firm assumes the risk” (Cal State LA). Securities (like stocks or bonds) trading require you to be incredibly analytical and have the ability to make quick decisions. It is truly the art of selling.

- **Financial/Management Consultant**: “Consultants advise firms on a variety of issues including the structure of operations, how to financially restructure a corporation, etc.” (Cal State LA). Financial consultants are usually experienced professionals. Depending on which type of license they are holding, they use their expertise to advise on areas like financial planning or budget allocation.
To add to the excitement of pursuing a career in Finance, according to the Bureau of Labor Statistics, the “median annual wage for business and financial occupations was $65,710 in May 2016, which was higher than the median annual wage for all occupations of $36,200” (BLS, 2016). Additionally, the Bureau of Labor Statistics also reports that a person promoted to a financial managerial role can enjoy a luxurious lifestyle with a median pay of $121,750 per year (BLS, 2016) as seen in the chart below.

![Quick Facts: Financial Managers](source)

Source: Bureau of Labor Statistics as of May 07, 2017

**IV. Cal State LA Courses**

After choosing your major, the next step is to choose classes that will provide you with the essential knowledge you need for your career. Make sure you are up-to-date with your lower division/prerequisites, know which upper division required courses to take, and which electives will be most beneficial to your specific area of interest.

A list detailing all of the lower division, upper division, and elective courses for students pursuing the Finance option can be found [here](source). It is recommended that you print or save this list and check it each semester to ensure that you are on track with your classes.

Source: Can Stock
Prerequisites/Lower Division

If you are transferring to Cal State LA from a community college or another California university, you can visit Assist.org to see the course equivalents from your previous school to Cal State LA. This is a helpful tool because it will make it easier to see if you have already taken the required lower division courses at your previous school. In Assist.org, select Cal State LA and your previous/current school from the drop-down menus, select “Business Administration - BS” for major, and you will be taken to see the equivalent classes between the two institutions. See the figure for an example of these steps. Some of the basic prerequisites for all Business Administration degrees include Accounting, Economics, and Business Law.

Advisement

After having transferred into Cal State LA, make an appointment with your academic advisor. Your advisor will help you create a student plan, give you recommendations on which classes to take, and also provide you with available resources to help your studies.

You can make an appointment through the Student Success Collaborative (SSC) system. Log in with your student account information, click on “Get Advising”. You can choose which advisor you would like to talk with and pick the time that is best for you. An appointment confirmation will then be sent to your email address.

Required Courses

Students must take four requires Finance courses that can be seen in the chart below. Notice that the prerequisite for each one of the required courses is Finance 3030. Therefore, try to take Finance 3030 as soon as possible so that you are not prevented from taking your upper division courses.
Electives

Electives are a great way to increase your knowledge of a more specific area in Finance. At Cal State LA, you will need three electives in addition to your required courses. Here are the electives, which have been separated based on the different career paths you can take as shown in the chart:

<table>
<thead>
<tr>
<th>Semester - Required Courses (12 units):</th>
<th>Prerequisites</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIN 3250 Essential Skills for Finance Professionals</td>
<td>3 GE B4, FIN 3030</td>
</tr>
<tr>
<td>FIN 3310 Financial Institutions and Markets</td>
<td>3 ECON 2020 and FIN 3030</td>
</tr>
<tr>
<td>FIN 3320 Investments</td>
<td>3 FIN 3030</td>
</tr>
<tr>
<td>FIN 4030 Intermediate Business Finance</td>
<td>3 FIN 3030</td>
</tr>
</tbody>
</table>

Source: Department of Finance, Law, & Real Estate

V. MBA VS. CFA

While the career options are vast, it is important to note that obtaining a Master’s Degree in Business Administration (MBA), or Chartered Financial Analyst (CFA) credential is becoming increasingly necessary for Finance careers.

Choosing between pursuing an MBA, CFA credential, or pursuing both can be a daunting task. Shortly, you will learn about the requirements for each, as well as the benefits. Additionally, the CFA Institute offers a basic comparison between the two that can be accessed here. Now let’s go into more detail.

Source: Live Your Element
MBA (Master’s Degree in Business Administration)

People who choose to attend graduate school to pursue an MBA will have a more “broad knowledge of core business concepts with some opportunity to specialize” (CFA Institute, 2017). These core business concepts include areas like management, strategic thinking, leadership, and finance, which allow them to enter various fields according to Linette Lopez, a contributor at Business Insider (Lopez, 2013).

Aside from the in-class learning experience, there are different benefits associated with getting an MBA. These benefits, which have been provided by Ed Bautista from the Harvard Business Review, include practical leadership and management skills, a credential that sends a signal to the marketplace, and membership in a learning community with access to an alumni network, can help you decide on whether an MBA is a good fit for you (Bautista, 2014).

One significant advantage of earning an MBA is the median annual salary for people in Finance careers with an MBA. As seen in the chart below, median annual salary for people with an MBA is significantly higher in comparison to the median annual salary of those with only a bachelor’s degree (BLS, 2015).

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Employment with bachelor’s degree</th>
<th>Percent with bachelor’s degree</th>
<th>Employment with master’s degree</th>
<th>Percent with master’s degree</th>
<th>Median annual wage for bachelor’s degree</th>
<th>Median annual wage for master’s degree</th>
<th>Wage premium amount</th>
<th>Wage premium percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Securities, commodities, and financial services sales agents</td>
<td>113,110</td>
<td>54%</td>
<td>32,665</td>
<td>16%</td>
<td>$90,000</td>
<td>$170,000</td>
<td>$80,000</td>
<td>89%</td>
</tr>
<tr>
<td>Logisticians</td>
<td>33,088</td>
<td>34</td>
<td>8,239</td>
<td>8</td>
<td>$54,000</td>
<td>$82,000</td>
<td>$28,000</td>
<td>52%</td>
</tr>
<tr>
<td>Transportation, storage, and distribution managers</td>
<td>41,935</td>
<td>23</td>
<td>15,415</td>
<td>9</td>
<td>$62,000</td>
<td>$90,000</td>
<td>$28,000</td>
<td>45%</td>
</tr>
<tr>
<td>Financial managers</td>
<td>400,770</td>
<td>41</td>
<td>182,678</td>
<td>19</td>
<td>$78,000</td>
<td>$110,000</td>
<td>$32,000</td>
<td>41%</td>
</tr>
<tr>
<td>Market research analysts and marketing specialists</td>
<td>114,105</td>
<td>54</td>
<td>49,706</td>
<td>23</td>
<td>$85,000</td>
<td>$90,000</td>
<td>$5,000</td>
<td>38%</td>
</tr>
<tr>
<td>Marketing and sales managers</td>
<td>380,429</td>
<td>51</td>
<td>125,900</td>
<td>17</td>
<td>$80,000</td>
<td>$110,000</td>
<td>$30,000</td>
<td>38%</td>
</tr>
<tr>
<td>Property, real estate, and community association managers</td>
<td>92,579</td>
<td>27</td>
<td>23,860</td>
<td>7</td>
<td>$56,000</td>
<td>$76,000</td>
<td>$20,000</td>
<td>36%</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, American Community Survey (Chart taken from BLS)
CFA (Chartered Financial Analyst)

You may have heard of people speaking about the CFA, and have wondered about what it is. It is a credential that you can obtain by completing a series of exams that require 300-900 hours of individual study (for all three exams), and will test your knowledge in investment analysis, management, and ethics (CFA Institute, 2017).

Exam level I deals with general comprehension of investment tools and analysis, level II covers more complex analysis and valuation of assets, and level III covers all concepts and analysis methods for portfolio administration and wealth planning (CFA Institute). This program is highly specialized and analytical, and would be best suited for those who want to work in portfolio management and research analysis as shown by the figure.

How about Both?

It is possible to obtain both the CFA certification and an MBA, but it can be a daunting task. On average, the CFA Institute (n.d.) reports that studying for each of the three CFA exams takes about 322 hours of study, and Business MBA (n.d.), a site that rates business schools, reports that an MBA program typically takes two years. The table below puts into perspective how obtaining an MBA, CFA, or both affects median pay from 0 to 5 years of experience and 10+ years of experience as of 2013.

<table>
<thead>
<tr>
<th>Degree and Certifications</th>
<th>Median Pay (0-5 YE)</th>
<th>Median Pay (10+ YE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CFA and No MBA</td>
<td>$72,900</td>
<td>$132,000</td>
</tr>
<tr>
<td>CFA and MBA</td>
<td>$87,200</td>
<td>$148,000</td>
</tr>
<tr>
<td>MBA and No CFA</td>
<td>$57,700</td>
<td>$105,000</td>
</tr>
<tr>
<td>MBA in Finance and No CFA</td>
<td>$63,100</td>
<td>$119,000</td>
</tr>
</tbody>
</table>

Source: Payscale (Table taken from Business Insider)

VI. Recommendations

Now let’s look at some steps you can take to not only maximize your success as a student, but to also prepare you for a career in Finance.
Extracurricular Activities

It is highly recommended that you get involved in student organizations in order to network with peers and professionals. In addition, if you are lacking work experience, student organizations are a fantastic way to boost your resume in order to be more attractive to employers.

You should consider joining at least one business-related club to begin exposing yourself to the field. Some of the Business clubs you can join on campus are: Financial Management Association (FMA), Beta Gamma Sigma (a business honor society), and the Association of Latino Professionals for America (open to all students). Refer to their official pages for more information on meeting time and membership application.

Career Development Center

Keep yourself updated on the various career fairs, workshops, and internship opportunities by visiting the Career Development Center site. The Career Development Center posts an event calendar on its homepage each semester that contains dates for different workshops like LinkedIn, internships, resume basics, and interviewing tips. Attending these workshops will enhance the skills and materials you are learning in the classroom.

The Career Development Center also hosts career fairs to give you the opportunity to expose yourself to recruiters. Even if you do not want a job at this moment, attend at least one career fair to practice pitching yourself to potential employers and get your resume critiqued. Doing so will only help you for when you are ready to look for a job. The Career Development Center also provides mock interview sessions to help prepare you for your upcoming interview.

Created by the Career Development Center, CareerExpress gives access to students to self-assessments that will best match you to a career, career researching tools, job and internship openings, and interview preparation tips. You can use CareerExpress to see if Finance, or what area in Finance, is best suited for you. Take advantage of this resource; it is incredibly helpful.
Candid Career

If you would like to get testimonies about a specific occupation in Finance, but do not personally know of someone that you can talk to, then you would benefit from Candid Career. Candid Career provides informational video interviews featuring professionals from every industry. You will get an insight on their job duties, the challenges they faced in that career, and advice on how to get to their position. Candid Career can be accessed through the Career Development Center’s CareerExpress site.

Financial Sites

You should also follow popular financial sites and newspapers to remain current with events related to finance. Keeping yourself updated with the industry will help give you a competitive advantage over others during an interview, and the nature of the Finance industry demands that you are aware of trends and what is happening in the market. It is also a way to expand your knowledge. Business Insider, Wall Street Journal, Google and Yahoo! Finance, Fortune, etc., are some useful sites to follow.

Computer Skills

It is vital that you have a good understanding of Microsoft Word, PowerPoint, and Excel, as they will be used in every career, especially in Finance (Rosenberg, 2015). Cal State LA offers practical training in Microsoft Excel and other computing and technology topics through Lynda.com. The school pays for this training, and you should take full advantage of the opportunity. Lynda.com can be accessed through the Launchpad on your My Cal State LA portal, or through the Information Technology Services site.

LinkedIn

It is imperative to create and update your LinkedIn (a professional networking site) profile regularly. William Arruda, a contributor to Forbes, states that LinkedIn “has morphed from an online resume and networking site to a comprehensive personal branding resource” (Arruda, 2013). Listen to your professors when they stress the importance of LinkedIn. Recruiters scout LinkedIn for potential job candidates, and people are researching you, so this allows you to control what they find about you. It is also a fantastic way to network and meet people that are in the industry you want to enter.
Locations

Jobs in Finance can be found in just about every city in the world, but it is helpful to know which cities have the highest employment rate in Finance. LinkedIn, and Zillow, a real estate marketplace, teamed up to create the best cities to work in Finance based on highest hiring rate and most job openings. The following chart illustrates the top five cities with highest employment rate in Finance:

<table>
<thead>
<tr>
<th>Metro Area</th>
<th>Hiring Rate (% Hired in 2016)</th>
<th>Monthly Disposable Income (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. New York City</td>
<td>11.9%</td>
<td>37.6%</td>
</tr>
<tr>
<td>2. Boston</td>
<td>11.7%</td>
<td>41.7%</td>
</tr>
<tr>
<td>3. San Francisco</td>
<td>10.7%</td>
<td>30.1%</td>
</tr>
<tr>
<td>4. Charlotte</td>
<td>10.4%</td>
<td>52.3%</td>
</tr>
<tr>
<td>5. Chicago</td>
<td>11%</td>
<td>48.8%</td>
</tr>
</tbody>
</table>

Source: LinkedIn

Of course, you do not have to move to one of these cities to have a fruitful career in Finance. Nonetheless, it is good information to know if you want to further increase your chances of starting a financial career.

VII. Final Thoughts

Majoring in Finance is a good start for students seeking to challenge themselves in critical thinking, and who are passionate about the financial market. Once you embrace this major, you will realize how rewarding Finance can be. You now have been exposed to the resources the school provides, and have a better understanding of what a career in Finance can be. Now you can answer the question: Is Finance right for you?
References


