

Lavrova A.
V. Usykov, research supervisor
National M. Tugan-Baranovsky University
of Economics and Trade of Donetsk

MARKETING FINANCIAL PRODUCTS WITHIN THE ACTIVITY OF INVESTMENT BANKS

An investment bank is a financial institution that raises capital, trades securities and manages corporate mergers and acquisitions. Investment banks profit from companies and governments by raising money through issuing and selling securities in capital markets (both equity, debt) and insuring bonds (e.g. selling credit default swaps), as well as providing advice on transactions such as mergers and acquisitions. A majority of investment banks offer strategic advisory services for mergers, acquisitions, divestiture or other financial services for clients, such as the trading of derivatives, fixed income, foreign exchange, commodity, and equity securities.

Investment banks offer security to both corporations issuing securities and investors buying securities. For corporations investment bankers offer information on when and how to place their securities in the market. The corporations do not have to spend on resources with which it is not equipped. To the investor, the responsible investment banker offers protection against unsafe securities. The offering of a few bad issues can cause serious loss to its reputation, and hence loss of business. Therefore, investment bankers play a very important role in issuing new security offerings.

One has to pay attention on core investment banking activities in activity of investment banks.

Investment banking is the traditional aspect of the investment banks which also involves helping customers raise funds in the capital markets and advise on mergers and acquisitions. The investment banking division (IBD) is generally divided into industry coverage and product coverage groups. Industry coverage groups focus on a specific industry such as healthcare, industrials, or technology, and maintain relationships with corporations within the industry to bring in business for a bank. Product coverage groups focus on financial products, such as mergers and acquisitions, leveraged finance, equity, and high-grade debt and

generally work and collaborate with industry groups in the more intricate and specialized needs of a client.

Second aspect is sales and trading. On behalf of the bank and its clients, the primary function of a large investment bank is buying and selling products. Traders will buy and sell financial products with the goal of making an incremental amount of money on each trade. Sales is the term for the investment banks sales force, whose primary job is to call on institutional and high-net-worth investors to suggest trading ideas and take orders.

Research is the division which reviews companies and writes reports about their prospects, often with "buy" or "sell" ratings. While the research division generates no revenue, its resources are used to assist traders in trading, the sales force in suggesting ideas to customers, and investment bankers by covering their clients.

Thus activity of investment banks is of great importance for economy of each state. Banks, releasing securities, provide safety and to corporations and buyers. Activity is carried out on the basis of three main aspects – investment banking; sales and trading; researches.

References:

1. *Rosenbaum, Joshua; Joshua Pearl (2009). Investment Banking: Valuation, Leveraged Buyouts, and Mergers & Acquisitions. Hoboken, NJ.*
2. *DePamphilis, Donald (2008). Mergers, Acquisitions, and Other Restructuring Activities. New York: Elsevier, Academic Press. p. 740.*