Welt am Sonntag
No. 26 (WSBE-VP1) from 28.06.2015 - Page 30
BUSINESS

Servants of the Night

Investment banks are being criticised for their questionable training practices. Even 24-hour shifts are not uncommon for interns. Indeed the banks are pledging improvement, but the reality looks different

By Nina Trentmann in London

He can still remember well the first weeks of his internship with a large Swiss bank in London. "The days were endlessly long," says the 22-year-old Slovak who prefers to remain anonymous. "The minimum was 60 hours per week, often much more," he says. The longer the summer internship lasted, the more assignments the student at the Cass Business School in London was given. What he had only heard by hearsay up until that point - such as the 24-hour shifts - he was now experiencing firsthand. "And it was totally permitted. Nobody threw me out or said that I should go home."

Working to the point of total exhaustion remains part of the daily routine for interns in investment banking - although the brutal consequences of this practice have been publicly discussed for years. Especially sensational was the case of German Moritz Erhardt, who collapsed dead during his summer internship in London in 2013. Since then the banks have tried to rid themselves of their slave-driver image. Market leader Goldman Sachs enacted new internship regulations only a few days ago.

Yet little has changed thus far. When the internship programmes at global banks like HSBC, Goldman, J.P. Morgan, Deutsche Bank, and other investment banks this week, thousands of young talents will once again flock to the offices in London and New York. There they will work for eight, nine, or ten weeks. And all of them have just one goal: Impress the bosses so that they may ensure themselves a stable job in the glitzy world of finance.

This is becoming ever more difficult, however. Since the financial crisis began the institutions have shrunk their investment divisions. Many jobs have been cut in London and New York. It has thus become far harder for interns to find a job after their practicum. They have to stick out - at all costs.

"It's a psychotic game," says a 23-year-old British man who has already sat in on multiple banks and hedge funds. "People want to be seen by their colleagues in the office, even on the weekend. They work from home at a pinch." He feels that many bankers' attempts at reducing and monitoring the work hours is not enough. Jos Gritter, who works at Evercore, a small investment bank in central London, also has his doubts. "The work has to be done somehow. Such regulations can be circumvented," says the 25-year-old.

One reason for the difficulty of substantially improving conditions for interns is the hierarchy within the investment banks. The interns have to wait for their assignments to be handed down. Depending on whether their boss is in New York, London, or Hong

Kong, this may take some time - and if in doubt, this means the young worker will have to put in a night shift. Face time is also important: Because investment banking is known for long, hard, and enthusiastic work, many interns doesn't want to leave the office before their boss. This is not exactly proof of successful work, but it looks good.

From their own experience, the bank interns do not complain about any unreasonable demands: "This behaviour makes the industry entirely unique," says Tanya de Grunwald, founder of the career portal GraduateFog.co.uk, which is devoted to the better treatment of interns. "These people want to leave a good impression and snatch themselves a job. They believe that complaining is akin to nagging and whining, and feel that it doesn't suit them."

The relatively good compensation - interns in London earn 20 euros (converted) or more per hour - results in little criticism about the job. Plus the young workers feel flattered when their employer makes supposedly grand gestures as a reward for the interns' night work. "It's just great: If you stay past eight in the evening, the company pays for your dinner. After ten you get a taxi or an Uber to take you home," says the young Brit, who has experience with internships. He also knows of cases in which the banks reserve hotel rooms near the office for nights at a time for interns and young analysts.

The interns' work is less spectacular than many believe. "In investment banking, often the first task is preparing presentations," as one intern describes his workday. "Oftentimes it's about working with Excel tables and calculating numbers." If these lighter tasks have been completed satisfactorily, the interns may also write up analyses, although the British intern says that the scope of duties is limited. "It's not work that requires any special creativity," he says. Generally the interns cannot work with stocks or bonds.

Despite this, the series of students are highly valuable to the banks, namely by saving them the expensive search for personnel. About ten per cent of employees in investment banks change employers each year, according to industry estimates. "We are constantly in need of qualified trainees," according to Commerzbank. "The internship is an important component of trainee work and provides an essential recruiting channel for new workers." The institute pays its London interns a gross monthly wage of 1500 euros, and its relatively small investment division is not exactly known for being part of the City shark tank.

Bank of America Merrill Lynch, where Moritz Erhardt interned, is in another league entirely. The 21-year-old studied at the renowned private university WHU in Vallendar, near Koblenz, and came from a good home. On 15 August he collapsed dead in the shower in his flat after multiple 24-hour shifts. He is reported to have worked three days straight. Many bankers practise the notorious "magic roundabout": After working all night they take a taxi home early in the morning, shower, change their clothes, get back in the taxi still waiting outside, and return directly to the office.

"What happened with Erhardt was shocking at the time, and some banks tried to improve their working conditions," says the 22-year-old intern who came to London from Slovakia. "But, to be completely honest, an internship in investment banking is tough." Bank of America Merrill Lynch reacted in early 2014. Junior bankers and internships in the "Global Corporate and Investment Banking" division must now take at least four free weekend days per month. J.P. Morgan introduced so-called "protected" weekends, and Credit Suisse no longer wants to see junior investment bankers in its offices between Friday evening and Sunday morning. Now Goldman Sachs is trailing. The US bank, known for its strenuous work culture, dictates that its interns leave the office before midnight and do not return before seven the next morning. This measure is intended to help "improve the general work experience of our interns". 70 to 75 hours per week have been considered the guideline for junior bankers at Goldman Sachs for some time now.

Yet ergonomists, and the interns themselves, remain sceptical that the much touted cultural shift is actually occurring. "No pain, no gain," says a young Brit who, like most bankers, does not wish to provide his name for fear of his future job prospects. Long shifts, weekend work, and a lot of stress naturally come with the territory, he says.

Are interns really being treated differently? Banks like HSBC, Goldman Sachs, Barclays, Citibank, and Deutsche Bank do not feel that they are in a position to answer questions about this. The number of interns, their compensation, and the number of applicants cannot be communicated, according to Deutsche Bank. The institutions obviously do not want to be associated with overtime, night shifts, and cases of death. Some banks muzzle their interns from the start. They have to sign non-disclosure agreements which prohibit them from discussing both business details and their working conditions.

Only J.P. Morgan is more open. According to the bank's own figures it has about 400 interns in London, and selects these from all fields of study. "We don't expect our interns to have prior knowledge of the field," says Robert Walke, head of the division for campus recruiting in Europe, the Middle East and Africa at J. P. Morgan. The company, he says, expects dedication and inquisitiveness, but it monitors work hours and ensures that interns and junior analysts do not work weekends. He also says that the majority of analysts hired by J.P. Morgan are former interns. "We offer all of our interns full-time positions if they perform exceedingly well," he says.

Andre Spicer, professor of organisation theory at the Cass Business School, has a critical view of the supposed shift in the industry. "The banks are formally attempting to keep their interns from working overtime. Unofficially, however, these exhausting shifts continue to be welcomes," he says. On top of that, he continues, many interns force themselves to work overtime. "They think this is something you have to do if you want to become a real banker," says Spicer, who goes on to say measures like Goldman Sachs' guideline are more for legal relief. "These rules function as a security precaution that relieves the banks of responsibility when things go awry."

Edward Howkins' internship with Swiss bank UBS in London did not go awry, although he did decide against a career in investment banking. Now he works as an investment assistant at Henderson Global Investors, an asset managing firm whose nearly 900 employees neither work night shifts nor 24-hour streaks. Howkins usually leaves the office in Broadgate in the City of London between seven and eight in the evening. "Our canteen closes at half past five, and that's good motivation to go home," he says. During his time at UBS he became acquainted with a heavily male-dominated work culture. "The fascination of investment banking is like touching an electric fence: you know it will hurt, but you have to do it," says the young man.

Chris Donnan also did not get caught up in this fascination. Now 22 years old, he interned at HSBC in 2012 before quickly noticing that the company did not suit him. "I recognised that I would learn more at a smaller bank," he said. Today he works at the Dutch Rabobank in London. "I'm not just another number here," says Donnan. There are no 24-hour shifts with his employer. "How anybody can be seriously productive while having been awake for 48 hours escapes me," he says. Jos Gritter also decided against a career with a large bank. After a summer internship the 25-year-old Netherlander now works as an analyst at Evercore, a small investment bank in fashionable Mayfair. "I'm here because the work culture is different," he says. This does not mean that Evercore does not schedule overtime, but Gritter says it is not part of the work routine. He says that the workload is like the ebb and flow of the tide, sometimes more and sometimes less. "It's about how good the work is, not how long you work."

Gritter notices that his former fellow interns are becoming less attracted to a career in investment banking. "A lot of people want to get into start-ups, those are really glamourous right now." London is experiencing a true start-up boom, and the Start Up Britain campaign estimates that more than 600,000 companies have been launched this year. Organisation researcher Spicer sees this trend as well. "Banks used to be the most coveted employers for ambitious graduates," he says. "Now the best career entrants are heading toward the technology sector." Only rarely does he advise his students to pursue a career as an investment banker. "I try to encourage those who have real interest and who aren't following unrealistic fantasies of wealth," says Spicer.

This message has not quite gotten across as intended, as shown by a current poll among British Bachelor's graduates about the most popular employers: The top 10 include six banks.