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The MiF can offer an edge over the CFA

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The career path for aspiring investment executives is fairly standard. After a few years cutting your teeth at a bank, asset management company or other financial firm, you either go for the chartered financial analyst (CFA) designation — a series of three exams, each of which requires hundreds of hours of studying — or you apply to business school.

More and more, though, many students are opting for an altogether different route: the Masters in Finance (MiF). This degree programme, which offers specialised knowledge of the financial industry, prepares graduates for careers in corporate finance, capital markets, and asset management.

“There is an increasing trend toward these specialised masters programmes,” says Tom Robinson, president of AACSB International, the business school accreditation body, and a former director of the CFA Institute. “Part of it has to do with the growing complexity of finance and the pressure on employers to satisfy regulatory requirements and show their staff are qualified.”

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Students recognise its worth, too, he says. “Over the past five years, the job market has tightened and a masters in finance is a way to show you’re better than the next candidate.”

While the MiF is by no means a substitute for the CFA — the designation remains a key qualification in the investment industry, particularly in the field of asset management — the MiF has become an increasingly popular degree among students and employers alike.

According to research from the AACSB, the number of its accredited schools that offer an MiF has risen 27 per cent over the past four years. Enrolment has also increased by 24 per cent over that period. Meanwhile, 46 per cent of companies plan to hire MiF graduates this year, an increase of more than 10 percentage points from last year, according to the Graduate Management Admission Council (GMAC) Corporate Recruiters Survey, which is based on responses from nearly 750

employers in 47 countries.

There are several reasons for the rise of the MiF. For one, the programme typically lasts only one year and is therefore less expensive than the traditional two-year MBA — both in real tuition costs and in lost earnings. And for another, unlike the MBA, which strives to produce well-rounded general managers, the MiF is tailor-made for students pursuing finance careers. Many programmes do not require prior work experience. ?

“It makes sense to do a specialised degree earlier in your career because it will serve you well for the first decade,” says Mr Robinson.

MIT Sloan School of Management launched its Master of Finance programme in 2008 at the height of the financial crisis.

“Twenty or 25 years ago, an undergraduate degree was enough,” says Heidi Pickett, the programme director. “Today you need a graduate degree to be competitive in finance.”

MIT Sloan’s programme launched with a class of 26 students. Last year, the school received 1,700 applications for 120 seats. “There’s a heightened awareness and interest in this degree,” says Ms Pickett.

“It’s for people who know what they want to do. They come here, get solid training and then go out and apply their skills in industry.”

Even some experienced investment professionals are drawn to the MiF, either as a replacement for or as a complement to the CFA, according to Kasper Meisner Nielsen, associate professor of finance who teaches in the Hong Kong University of Science and Technology-NYU Stern Masters in Global Finance (MSGF) programme. The programme is an “executive-level” masters where “most students have 10 or 11 years of work experience”, he says.

Many of his students have already taken the CFA — particularly levels one or two. “It’s a natural starting point,” Prof Nielsen says. “The CFA is a good certification to have on your résumé if you’re going to have a career in this industry. But it does not necessarily imply you understand all the aspects of finance.”

Besides, he says, studying for the CFA is generally a solitary and therefore lonely endeavour. “You buy the materials then you self-study. But many people realise they need interaction. They want a high level of learning in the classroom and from their peers.”

The goal, says Daniel Bergstresser, associate professor of finance at Brandeis International Business School, which also offers the MiF qualification, is to enable students to “acquire specific knowledge



The CFA exams: a lonely endeavour

and skills” in finance — including how to value options, how to calculate spreads, and how fixed income markets work — combined with an ability to speak and communicate and write.

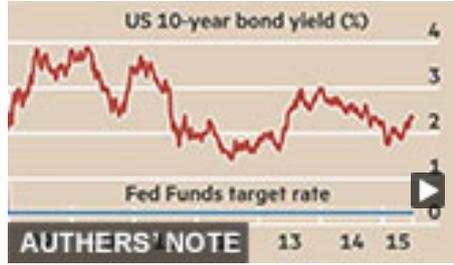
“We’re teaching students not just how to solve problems, but also how to identify them,” he says.

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