

Which Master's Degree Is Right for You?



By Anthony DeAngelis

Financial Engineering vs. Finance

Students pursue a specialized graduate degree for a variety of reasons. Some are looking to use the degree as a way to transition from their current job into something else. Others are looking for a way to atone for a low undergraduate GPA, and some students may not decide until late in their college career what they truly want to do.

Those seeking a career in finance, but choosing not to pursue an MBA either by choice or because they are not qualified, usually pick between the Masters in Finance degree or the Masters in Financial Engineering (or MS Computational Finance or Masters in Financial Math). Both of these degree programs take approximately the same time to complete, but beyond this their similarities end. Students should understand both degrees so they can match their academic and professional goals appropriately.

Students who have an undergraduate degree with a quantitative and numerical discipline such as engineering, mathematics, computer science, etc., are an ideal fit for most MFE programs. A solid understanding and foundation in these subjects is necessary to grasp the advanced concepts that are taught in an MFE program. If you are interested in utilizing advanced math skills or want to use your programming prowess to build complex models that can prove extremely profitable, then an MFE program might be better for you.

The broader nature of the Masters in Finance program is ideal for those looking for a more holistic understanding of finance without the specialization or advanced mathematic requirements of an MFE. While requiring a firm grasp of statistics and calculus, the MSF is more in line with what is taught in a CFA program. Corporate finance is stressed, along with classes on valuation, fixed income, derivatives,

financial modeling, risk management, and other core subjects. Some programs allow for specialization in a variety of subjects such as real estate, or combine class work with leading financial designations such as the Chartered Financial Analyst (CFA), Financial Risk Manager (FRM), or Chartered Alternative Investment Analyst (CAIA).

Career paths are also very different when comparing the MFE and MSF degree. MFE graduates are recruited for their analytic and quantitative abilities and find positions in roles such as risk management at a large bank, programming for quantitative hedge funds, and creating or trading structured products. These careers utilize C++, advanced mathematics, and statistical models, as well as other tools that you acquire in your year of study.

Those going into MSF programs tend to have more of a finance or economics background (although many

continued on page 20

engineering students and math undergraduates pursue MSF degrees). It is also not unheard of for liberal arts graduates to enter MSF programs and use the degree as a way to break into a business career. This global and less quantitative approach allows for more flexibility when it comes to admissions as well as a more academically diversified student body. As a result of this, placements and career paths tend to be broader, spanning the spectrum of finance, from investment banking analysts at bulge bracket banks to working in the finance department at a Fortune 500 firm. Graduates

typically start their careers as analysts, but those who have relevant experience can come in as an associate also.

Another thing to note is that while certain careers are structured and rigid when

considering graduate degrees outside of an MBA (investment banking being the primary one), many firms equate an MSF (or MFE for that matter) with an MBA. This provides those individuals with an opportunity to advance their career with a degree that is half as costly as an MBA while at the same time focusing their studies on a field that interests them.

“. . . MSF programs, to a larger extent than the MFE, are regional in nature. Many programs place students in their surrounding areas, as well as in New York City. So consider where you would like to work. . . “

When discussing placements, it is important to mention that MSF programs, to a larger extent than the MFE, are regional in nature. Many programs place students in their surrounding areas, as well as in New York City. So consider where you

would like to work when you graduate and research schools located in that geographic area.

While different in both career and coursework, the MSF and MFE share in an increasing popularity among applicants, and a growing number of schools that offer the degree. For too long the MBA has reigned supreme as the untouched, sole graduate degree for

those working or interested in finance and business. Some much-needed competition has been injected into the mix and students and professionals have taken notice. As the degree programs

continue to mature and employers continue to take notice, more people will realize that the MBA no longer has a monopoly among graduate business students.

Anthony DeAngelis is a 2010 graduate of the Villanova Master in Finance program and owner of MSFHQ.com, a site dedicated to the Master of Finance degree. He previously worked for The Bank of New York and HSBC and is currently working in fixed income.