

## Master's of the financial universe

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*The MS in Finance is growing in popularity, and the economic meltdown may create new opportunities for grads.*

When Rachel Gordon decided to pursue a master's degree at American University's School of International Service, she realized that she would need a more in-depth knowledge of finance if she wanted to pursue her interest in emerging markets. Having already graduated with an undergraduate business degree—Gordon was a marketing, accounting, and international business triple major at Northeastern University—the ambitious 25-year-old was wary of pursuing a general management degree like an MBA.

"I didn't want to sit through two classes of accounting, two of marketing, two of marketing behavior," says Gordon.

As luck would have it, though, American's Kogod School of Business had just announced the launch of a new Master of Science in Finance (MSF) program, allowing Gordon to complete 10 classes in finance rather than the four or five she would have been able to take even if she'd pursued an MBA with a finance concentration. "For someone who has a background in engineering or something else, an MBA is great," says Gordon, "But for someone else like myself who already knows where their interest lies, [the MSF] was clearly the right path." American says that 40% of its MSF candidates—the first class will graduate in May—are students, like Gordon, who are also pursuing another graduate degree at the institution.

But young professionals with a business background like Gordon's are hardly the only group pursuing these specialized finance degrees. In the last few years new MSF programs have popped up at institutions from the University of Delaware to Purdue University. The Massachusetts Institute of Technology Sloan School of Management will launch a degree in finance this fall. In all, there are about 75 such programs today, up from less than 50 a decade ago.

### MSF lags MBA in average salary

Unlike MBAs, which offer a course of study in general management, the MSF provides more concentrated coursework in financial analysis and quantitative methods. Tuition for these programs, which are typically offered through business schools, is comparable to that for MBA programs, but since they only take a year to complete they are considerably more cost-efficient for students. Unlike MBA programs, MSF programs don't require five or more years of work experience. In fact, most programs are open to new college graduates. And MSF graduates are recruited for many of the same positions that MBAs land, as well as a few analytical jobs that they don't—everything ranging from sales and trading and risk management to corporate finance and private wealth management.

While MSF grads typically fetch higher salaries than undergraduates, the lack of significant work experience often means their salaries are considerably lower than those that MBAs typically get, and job offers may not be as readily available. At Vanderbilt's Owen Graduate School of Management, for example, 93% of MBAs who graduated in 2008 had job offers within three months, and salaries averaged nearly \$90,000. For the 28 graduates of the school's MSF program that same year, 84% had accepted job offers within five months of graduation, and salaries averaged \$50,807—43% less.

Part of the reason is MSF grads' limited work experience, and part is the nature of the work they do. Unlike MBAs, who are frequently tapped for management and leadership positions,

MS in Finance grads are more likely to take number-crunching jobs that take advantage of their quantitative skills. "You're competing for jobs that are quite different than if you have five years of experience with an MBA," says Warren Zola, assistant dean for graduate programs at Boston College's Carroll School of Management.

#### New regulations expected to spur job growth

Even so, the recent economic collapse may be laying the groundwork for a resurgence of interest in MSF grads, similar to how post-Enron regulatory reforms increased demand for accounting graduates. Phil English, director of American's MSF program, says demand for highly trained finance specialists will almost certainly increase as Washington imposes new regulations to prevent a repeat of the banking crisis. Says English: "There are a lot of very upset people out there and they're going to look towards an increase in regulation."

Applicants appear to be banking on that very outcome. At many MSF programs, applications are up. At the University of Delaware, applications to its MSF program increased dramatically—from 60 applications for 23 slots last year to more than 200 applications this year.

Many of those applicants already have MBAs and are pursuing a new degree to keep their options open. Vincent Farrell, 34, obtained his MBA from Delaware in 1999 and has since embarked on a career in financial services. But he realized that with all the recent bank bailouts and bankruptcies that he wanted to make sure he had enough expertise to have other options. "In light of market conditions, I feel I need to have the flexibility to expand beyond financial services and potentially get into finance departments of large organizations," says Farrell. "Or pursue opportunities in academics."

While schools that offer an MSF say it's a way for students to get a more in-depth knowledge of finance, schools like New York University's Stern School of Business, Carnegie Mellon's Tepper School of Business, and the University of California-Berkeley's Haas School of Business take things a step further, offering specialized MSF degrees. Berkeley, for example, launched an MS in financial engineering in 2000 and boasts that 25% of the program's students already have a PhD in areas such as mathematics or economics when they enter the program. "They teach more in-depth finance and [the courses] are more quantitative than your typical master's in finance [program]," says program director Linda Kreitzman.

Other schools have programs that combine the best of both worlds. At Boston College, students can complete their MBA and MSF degrees in just two years on a full-time basis or less than four years on a part-time basis.

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