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# **Indexing, Evaluating, and Ranking the Challenges Facing the Establishment of Investment Banking (of Funding Organizations) in Iran**

**Mohammad Mehdi Latifi**, (Corresponding Author)

*Faculty of Management and Accounting, Shahid Beheshti University, Tehran, Iran*

E-mail: mehdi.latifi@yahoo.com

Tel: +98-937-016046 ; Fax: +98-21-88323419

**Mohammad Amin Ghalambor**

*Faculty of Management and Accounting, Shahid Beheshti University, Tehran, Iran*

E-mail: aminghalambor@gmail.com

Tel: +98-912-4781784; Fax: +98-21-88323419

**Seyed HamidReza Azimi**

*Faculty of Management and Accounting, Shahid Beheshti University, Tehran, Iran*

E-mail: hamid\_azimi1364@yahoo.com

Tel: +98-912-8119939; Fax: +98-21-88323419

## **Abstract**

An investment bank is an institute that specializes in affairs related to investment and transaction of different securities. This institute buys securities as a major and then sells them in smaller units. This paper is organized to identify and rank the challenges facing the establishment of investment banking in Iran. To do this, using the viewpoints of experts, four key sectors in establishment of these kinds of institutes are identified which include: a structural sector, a cultural sector, financial tools sector, and an educational sector. Then, important indexes are identified for each sector and a questionnaire that contains 20 main indexes is designed. Research samples consist of 96 experts of brokerage firms who are members of the Stock Exchange Organization, Investment Banking of "Amin & Novin", and Tehran Stock Exchange Company. Collected data are analyzed using SPSS software. Student's T-test and Friedman Test are used to test the hypotheses and rank the indexes. Results show that cultural challenges are the most important obstacle facing the establishment of investment banking in Iran. Other important obstacles facing the investment banking in Iran are lack of diversity in financial tools, lack of diversity in educational tools, and lack of diversity in structural tools, respectively.

**Keywords:** Investment Banking, Cultural Challenges, Structural Challenges, Instructional Challenges, Stock Exchange, Funding Resources

## **1. Introduction**

Investment banking firms are intermediaries that advise firms, distribute securities, and take principal positions in a market. Information is produced in the course of these activities. Most investment banking firms are vertically integrated organizations that incorporate Merger and Acquisition (M&A) advisory services, capital raising services, securities trading and brokerage, and research coverage [3].

Investment banks are changing fast. Forty years ago, the industry was dominated by a few small partnerships that made the bulk of their income from the commissions they earned from floating securities on behalf of their clients. Today's investment banks are huge full-service firms that make a substantial proportion of their revenues from technical trading businesses that started to attain their current prominence only in the 1980s. The CPI-adjusted capitalization of the top ten investment banks soared from \$1 billion in 1960 to \$194 billion in 2000. Between 1979 and 2000, the number of professionals employed by the top five investment banks (ranked by capitalization) rose from 56,000 to 205,000 [1]. Surprisingly, although a wealth of academic and policy work analyzes specific lines of business within investment banks, very little has been written to explain the economic purpose of an investment banking institution. In a recent book gap [2], it was argued that investment banks have traditionally added value to transactions involving assets, over which it is extremely hard to establish property rights. Since their inception, investment banks have facilitated complex deals by creating a marketplace in which informal property rights over these assets could be created and enforced. According to financial capital market law approved in 2005, these institutions have started working under the name of capital funding organizations in Iran.

## **2. Definition**

An investment bank, or an I-bank, operates differently. It does not have an inventory of cash deposits, as a commercial bank does, to lend. In essence, an investment bank acts as an intermediary, and matches the sellers of stocks and bonds with the buyers. Note that companies use investment banks, however, toward the same end as they use commercial banks. If a company needs capital, it may receive a loan from a bank, or it may ask an investment bank to sell equities or debts (stocks or bonds). As commercial banks already have funds available from their depositors and investment banks do not, I-banks must spend considerable time finding investors in order to obtain capitals for their clients.

External financing is expensive. When a firm decides to issue securities to the public, it almost always hires an intermediary, typically an investment banking firm. The issuing firm pays a commission, or gross spread, and receives the net proceeds when the securities are issued. In addition to the direct costs of issuing securities, an issuing firm that is already publicly traded frequently pays additional indirect costs through revaluations of its existing securities (the "announcement effect") [3].

Investment banking, or I-banking as it is often called, is the term used to describe the business of raising capitals for companies. A capital essentially means money. Companies need cash in order to grow and expand their business; investment banks sell securities to public investors in order to raise this cash. Before describing how an investment bank operates, let's back up and start by describing traditional commercial banking. Commercial banking and investment banking share many aspects, but have many fundamental differences. After a quick overview of a commercial banking, a full discussion of what I-banking entails will be built up in detail.

The key difference between commercial banks and investment banks in a corporate financing function is that commercial banks primarily act as long-term principals and make direct loans to borrowers, whereas investment banks primarily act as short-term principals. Since investment banks sell investors the securities that firms issue, the marketing of financial securities is very important [3].

## **3. Commercial Banking vs. Investment Banking**

While regulations have changed the businesses in which commercial banks and investment banks might now participate, the core aspects of these different businesses remain intact. In other words, the

difference between how a typical investment bank and a typical commercial bank operate is simple: A commercial bank takes deposits from consumers for checking and savings accounts, while an investment bank does not. This issue will be discussed more by taking a look at what commercial banks do.

#### **4. Commercial banks**

A commercial bank may legally take deposits from consumers for checking and savings accounts. A typical commercial banking process is fairly straightforward. You deposit money into your bank, and the bank loans that money to consumers and companies in need of capital (cash). You borrow to buy a house, finance a car, or finance an addition to your home. Companies borrow to finance the growth of their company or to meet immediate cash needs.

Until the 1970s, almost all investment banking firms were private partnerships, generally with a limited capital base. Underwriting large security offerings, these partnerships almost always formed underwriting syndicates in order to meet regulatory capital requirements, distribute the securities, and share risks. Many investment banking firms had “relationships” with corporations. In the 1970s, the investment banking industry began to change to a more “transactional” form, where corporations use different investment bankers for different services, on an as-needed basis. Investment banking firms have grown in size and scope, largely through mergers, and most of the larger firms have converted to publicly traded stock companies. A reason for the increase in sizes of investment banking firms is the increased importance of information technology, with high fixed costs and low marginal costs. With their new-found large capital bases and distribution channels, the historical rationale for forming syndicates to distribute securities has largely disappeared. Consistent with this, the number of investment banking firms participating in a given syndicate has been shrunk noticeably over the last few decades. A syndicate is composed of one or more managing underwriters and from zero to over a hundred of other syndicate members. The lead manager does most of the work and receives most of the fees [4]. As a consequence of distributing the shares in an initial public offering, the lead underwriter who knows where the shares are placed, gives a natural advantage for making a market later on and if there is an order imbalance, the underwriter knows whom to call [5]. An advice on acquisitions and follow-on stock offerings follows frequently. The underwriter almost always assigns an analyst to follow the company and provide research coverage [3].

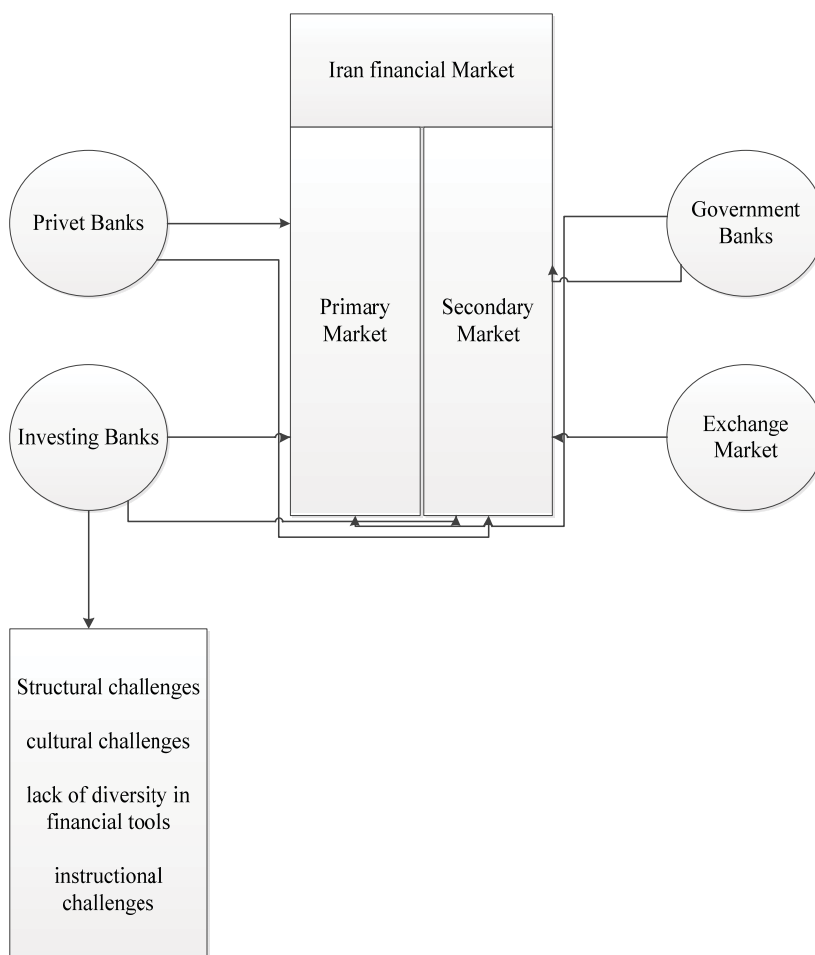
Despite the significance of investment banks in a financial world, their governance is largely unexamined. Academic studies of governance are ambivalent and often contradictory [6]. Actually, the use of investment banks does not result in wealth reduction for the shareholders of acquiring firms. When the acquiring firm has poor governance, however, the use of an investment bank is associated with extra value loss for the shareholders [7]. Moreover, these institutional investors respond more strongly to the upward revisions from analysts affiliated with their own investment banks [8]. Also reputable investment banks help resolve uncertainty about the quality of investors in initial public offering (IPO) firms' income-increasing accruals and resulting earnings. Investment bankers have the experience, knowledge, and incentives to accurately assess the quality of IPO firms' earnings and correctly price earnings components [9].

#### **5. Problem Statement**

Issuing securities needs a low context. Among the institutions, an investment banking ordinary works in a capital market in financial categories of developed countries. Existence of these banks in the primary market has a positive effect on boosting the financial market in these countries. Financial markets should be explored efficiency in both sides of primary and secondary markets. In Iran, however, the primary market has not been grown as the secondary market has. One of the most important reasons of this obstacle is a lack of appropriate financial institutions in Iran's primary market [10]. One of the current obstacles facing the investment banking in Iran is that commercial banks do

one of the most duties of investment banks which is primary offering of securities. In addition, commercial banks have entered into the secondary market and established investment companies and brokers, while they must be forbidden to act in the investment banking territory.

In the current research, according to the literature review and experts' opinions, it is tried to focus on 4 categories that are illustrated as figure 1.



**Figure 1:** Four categories which are tried to focus on

Since specialization is one of the most important economic issues in Iran and is supported by national notification polices, forming financial institutions is essential to achieve Iran's 20-year vision plan.

## 6. Research hypotheses

1. Creating and developing investment banking in Iran faces structural challenges.
2. Creating and developing investment banking in Iran faces cultural challenges.
3. Creating and developing investment banking in Iran faces the lack of diversity in financial tools.
4. Creating and developing investment banking in Iran faces instructional challenges.
5. The effects of four groups of challenges which face the establishment of investment banking in Iran have significant differences.

## 7. Actuarial Population and Research Method

This research is implemented using a survey-descriptive method. The method of data collection is field-library. Therefore, the researcher tried to describe the current situation without any prejudice. The required data for this research have been collected during two stages. The first stage includes library information and the second stage includes field study. In order to achieve the barriers and challenges facing the establishment of investment banking in Iran, some analyses and investigations have been done using a library method. Then, the field study has been implemented to collect the viewpoints of experts. After collecting the initial viewpoints of experts, a questionnaire on barriers and challenges facing the establishment of investment banking in Iran was prepared. This questionnaire consists of four groups of principal factors and twenty components. The questionnaire is prepared based on the viewpoints of experts, in order to insure its reliability. A Cronbach's Alpha Test is used to insure the validity of the questionnaire. In order to calculate the validity of the questionnaire, 15 pieces of questionnaires were completed as a pretest; using SPSS Software, the Cronbach's alpha was calculated. The result was 0.820 and for as much as this number is higher than 0.7, it can be concluded that the questionnaire has the required validity. The actuarial population in this research consists of Investment Banks (funding corporations of Amin & Novin), the Stock Exchange Organization, Tehran Stock Exchange Company, managers, experts, and analysts of brokerage firms who are involved in capital markets.

Using the Cochran's Formula ( $p=0.5$ ), with the sampling error of 10%, the sample size was obtained 96.

$$n = \frac{Z_{(\alpha/2)}^2 \bar{p}(1 - \bar{p})}{d^2} = \frac{Z_{\alpha/2}^2 pq}{d^2} = \frac{(1.96)^2 \times (0.5) \times (0.5)}{0.1 \times 0.1} = \frac{0.96}{0.01} \cong 96$$

The sampling in this research has been done using a classification method. The actuarial population consists of 536 samples. The number of the actuarial population is based on referring to annual reports of the Stock Exchange Organization, and visiting and calling funding corporations of Amin & Novin and 87 brokerage firms that are involved in the Stock Exchange Organization.

In as much as the actuarial population has 536 members and the sample size is 96, it can be concluded that the sampling should be 17.9% of each classes, which is illustrated as table 1.

## 8. T-test for each question:

**Table 1:** The viewpoints of respondents toward the effect of each financial data quality index

Effective Indices	Very Low	Low	Average	High	Very High	Average from 5	Standard Deviation
Rules and regulations of forming and running the investment banking	1.10%	6.50%	28.30%	43.50%	20.70%	3.76	0.894
Supervising the performance of investment banking with regard to complexity of activities	1.10%	33.70%	33.70%	25%	6.50%	3.02	0.949
Inconstancy of regulations and its effect on increasing the risk	3.30%	10.90%	27.20%	40.20%	18.50%	3.6	1.017
The conflict between the advantages and the secret information in investment banking	5.40%	21.70%	26.10%	31.50%	15.20%	3.29	1.134
Not depositing the activities of investment banking by large institutions	5.40%	15.20%	38%	28.30%	13%	3.28	1.052

Effective Indices	Very Low	Low	Average	High	Very High	Average from 5	Standard Deviation
The culture of offering specialized services in financing the investment banks	---	2.20%	18.50%	54.30%	25%	4	0.798
No relations with international finance corporations	1.10%	10.90%	18.50%	38%	31.50%	3.88	1.015
A traditional view on financing in investment banking	1.10%	8.70%	25%	41.30%	23.90%	3.78	0.947
Insufficient knowledge of investors about a long-term investment	1.10%	16.30%	37%	27.20%	18.50%	3.46	1.01
The desire to receive a fixed and guaranteed interest of investors	8.70%	17.40%	33.70%	27.20%	13%	3.18	1.138
The conformity between Sharia Rules and International Rules of financial tools' dissemination	3.30%	25%	25%	28.30%	18.50%	3.34	1.141
Limitations of turnovers in Iran Financial Markets	2.20%	16.30%	27.20%	40.20%	14.10%	3.48	1
Lack of operational and executional standards for financial tools in Iran	1.10%	17.40%	29.30%	32.60%	19.60%	3.52	1.032
Limitation of financial tools in Iran Financial Markets	3.30%	6.50%	20.70%	47.80%	21.70%	3.78	0.97
The necessity of investment in order to enhance the level of investment banking	3.30%	13%	28.30%	39.10%	18.50%	3.61	0.972
The effect of experience related to the investment banking	1.10%	12%	34.80%	34.80%	17.40%	3.55	0.953
Suitability of educational resources available in investment banking	12%	15.20%	23.90%	31.50%	17.40%	3.27	1.075
Effectiveness of comparative studies which have been done between Sharia Rules and the principles used in the west	8.70%	16.30%	32.60%	32.60%	9.80%	3.18	1.032
Applied financial knowledge available in investment banking services	---	6.50%	20.70%	53.30%	19.60%	3.86	0.806
Not paying attention to education and not holding any meetings, seminars, and workshops	2.20%	12%	30.40%	39.10%	16.30%	3.55	0.976

## 9. Results of Research Hypotheses

Before testing the hypotheses, the normal distribution was tested using the Kolmogorov–Smirnov test. With regard to the obtained data, the normal distribution was confirmed.

In order to study the normal distribution, with regard to the Kolmogorov–Smirnov test, if  $\text{Sig.} < 0.05$ , the normal distribution of the population is rejected and if  $\text{Sig.} > 0.05$ , the normal distribution of the population is confirmed. According to table 2,  $\text{Sig.} = 0.853$  which shows that the normal distribution of data is confirmed.

With regard to the normal distribution of data, the average test of the population and a Student's T-test are used in order to test the effectiveness of the identified factors (hypotheses test).



**Table 2:** Kolmogorov–Smirnov Test results

Kolmogorov–Smirnov Test		
N		96
Normal Parameters <sup>a,b</sup>	Mean	3.5207
	Std. Deviation	0.36885
Most Extreme Differences	Absolute	0.063
	Positive	0.043
	Negative	-0.063
Kolmogorov-Smirnov Z		0.608
Asymp. Sig. (2-tailed)		0.853
a. Test distribution is Normal.		
b. Calculated from data.		

### 9. 1. Results of the First Hypothesis

Studying the first hypothesis using a T-test:

- |  |   |  |
|--|---|--|
| $\left\{ \begin{array}{l} H_0: \mu \leq 3 \\ H_1: \mu > 3 \end{array} \right.$ | • | <i>Structural challenges do not have any influence on a development of investment banking in Iran.</i> |
|  | • | <i>Creating and developing investment banking in Iran faces structural challenges.</i>                 |

In order to calculate the statistics of the test, the extracted data from the questionnaire were put into SPSS Software. This software is used to test the hypotheses. The output of this test is illustrated in table 3:

**Table 3:** Results of testing the influence of structural challenges on a development of investment banking in Iran

Tested Concept	Test Value = 3				
	t	Degree of Freedom	Mean Difference	95% Confidence Interval of the Difference	
				Low Limit	High Limit
Creating and developing investment banking in Iran faces structural challenges in a capital market	8.105	95	0.3913	0.2954	0.4872

With regard to the data in table 3, the values of the high limit and the low limit are both positive. Therefore,  $H_0$  is rejected. In other words, with regard to the respondents' viewpoints, it can be concluded with a confidence level of 95% that creating and developing investment banking in Iran faces structural challenges.

### 9. 1. 1. Subsidiary Hypotheses (testing the questions related to this hypothesis)

In this research, five questions (questions 1 to 5 in the questionnaire) are designed in order to study the structural challenges. As mentioned before for the principal hypothesis, each of the components can be studied in a separate hypothesis format. It should be noted that  $H_0$  and  $H_1$  are not defined for these components. Their test results (output of student's T-test) are explained in table 4:

**Table 4:** Results of the tested questions related to the first principal hypothesis

Tested Concept	Test Value = 3				
	T	Degree of Freedom	Mean Difference	95% Confidence Interval of the Difference	
				Low Limit	High Limit
Rules and regulations of forming and running the investment banking	8.163	95	0.761	0.58	0.95
The effect of supervising the performance of investment banking with regard to the complexity of activities	0.220	95	0.022	-0.17	0.22
The effect of inconstancy of regulations and its influence on increasing the risk	5.638	95	0.598	0.39	0.81
The effect of a conflict between the advantages and the secret information in investment banking	2.482	95	0.293	0.06	0.53
The effect of not depositing the activities of investment banking by large institutions	2.577	95	0.283	0.06	0.50

As it can be observed in table 4, except "The effect of supervising the performance of investment banking with regard to complexity of activities", all other components related to this hypothesis are confirmed.

### 9. 2. Results of the Second Hypothesis

Studying the second hypothesis using a T-test:

$$\begin{cases} H_0: \mu \leq 3 & \bullet \text{ Cultural challenges do not have any influence on a development of investment banking in Iran.} \\ H_1: \mu > 3 & \bullet \text{ Creating and developing investment banking in Iran faces cultural challenges.} \end{cases}$$

In order to calculate the statistics of the test, the extracted data from the questionnaire were put into SPSS Software. The output of this test is illustrated in table 5:

**Table 5:** Results of testing the influence of cultural challenges on a development of investment banking in Iran

Tested Concept	Test Value = 3				
	t	Degree of Freedom	Mean Difference	95% Confidence Interval of the Difference	
				Low Limit	High Limit
Creating and developing investment banking in Iran faces cultural challenges	10.337	95	0.66087	0.5339	0.7879

With regard to the data in table 5, the values of the high limit and the low limit are both positive. Therefore,  $H_0$  is rejected. In other words, with regard to the respondents' viewpoints, it can be concluded with a confidence level of 95% that creating and developing investment banking in Iran faces cultural challenges.



### 9. 2. 1. Subsidiary Hypotheses (testing the questions related to this hypothesis)

In this research, five questions (questions 6 to 10 in the questionnaire) are designed in order to study the cultural challenges. As mentioned before for the principal hypothesis, each of the components can be studied in a separate hypothesis format. It should be noted that  $H_0$  and  $H_1$  are not defined for these components and their test results (output of student's T-test) are explained in table 6:

**Table 6:** Results of the tested questions related to the second principal hypothesis

Tested Concept	Test Value = 3				
	T	Degree of Freedom	Mean Difference	95% Confidence Interval of the Difference	
				Low Limit	High Limit
The culture of offering specialized services in financing the investment banks	12.014	95	1.000	0.83	1.17
No relation with international finance corporations	8.323	95	0.880	0.67	1.09
A traditional view on financing in investment banking	7.925	95	0.783	0.59	0.98
Insufficient knowledge of investors about long-term investments	4.336	95	0.457	0.25	0.67
The desire to receive the fixed and guaranteed interest of investors	1.557	95	0.185	-0.05	0.42

As it can be observed in table 6, except "The desire to receive the fixed and guaranteed interest of investors", all other components related to this hypothesis are confirmed.

### 9. 3. Results of the Third Hypothesis

Studying the third hypothesis using a T-test:

$$\begin{cases} H_0: \mu \leq 3 & \bullet \text{ The Lack of diversity in financial tools does not have any influence on a development of investment banking in Iran.} \\ H_1: \mu > 3 & \bullet \text{ Creating and developing investment banking in Iran faces a lack of diversity in financial tools.} \end{cases}$$

In order to calculate the statistics of the test, the extracted data from the questionnaire were put into SPSS Software. The output of this test is shown in table 7:

**Table 7:** Results of testing the influence of lack of diversity in financial tools on a development of investment banking in Iran

Tested Concept	Test Value = 3				
	t	Degree of Freedom	Mean Difference	95% Confidence Interval of the Difference	
				Low Limit	High Limit
Creating and developing investment banking in Iran faces the lack of diversity in financial tools	7.839	95	0.54565	0.4074	0.6839

With regard to the data in table 7, the values of the high limit and the low limit are both positive. Therefore,  $H_0$  is rejected. In other words, with regard to the respondents' viewpoints, it can be concluded with a confidence level of 95% that creating and developing investment banking in Iran faces the lack of diversity in financial tools.

### 9. 3. 1. Subsidiary Hypotheses (testing the questions related to this hypothesis)

In this research, five questions (questions 11 to 15 in the questionnaire) are designed in order to study the lack of diversity in financial tools. As mentioned before for the principal hypothesis, each of the components can be studied in a separate hypothesis format. It should be noted that  $H_0$  and  $H_1$  are not defined for these components and their test results (output of student's T-test) are explained in the table 8:

**Table 8:** Results of the tested questions related to the third principal hypothesis

Tested Concept	Test Value = 3				
	T	Degree of Freedom	Mean Difference	95% Confidence Interval of the Difference	
				Low Limit	High Limit
The conformity between Sharia Rules and International Rules of financial tools' dissemination	2.832	95	0.337	0.10	0.57
Limitation of turnovers in Iran Financial Markets	4.588	95	0.478	0.27	0.69
Lack of operational and executional standards for financial tools in Iran	4.848	95	0.522	0.31	0.74
Limitation of financial tools in Iran Financial Market	7.737	95	0.783	0.58	0.98
The necessity of investment in order to enhance the level of investment banking	6.009	95	0.609	0.41	0.81

As it can be observed in table 8, all five components related to this hypothesis are confirmed.

### 9. 4. Results of the forth Hypothesis

Studying the forth hypothesis using a T-test:

$$\begin{cases} H_0: \mu \leq 3 & \bullet \text{ Instructional challenges do not have any influence on a development of investment banking in Iran.} \\ H_1: \mu > 3 & \bullet \text{ Creating and developing investment banking in Iran faces instructional challenges.} \end{cases}$$

In order to calculate the statistics of the test, the extracted data from the questionnaire were put into SPSS Software. The output of this test is shown in table 9:

**Table 9:** Results of testing the influence of instructional challenges on a development of investment banking in Iran

Tested Concept	Test Value = 3				
	t	Degree of Freedom	Mean Difference	95% Confidence Interval of the Difference	
				Low Limit	High Limit
Creating and developing investment banking in Iran faces instructional challenges.	9.648	95	0.48478	0.3850	0.5846

With regard to the data in table 9, the values of the high limit and the low limit are both positive. Therefore,  $H_0$  is rejected. In other words, with regard to the respondents' viewpoints, it can be concluded with a confidence level of 95% that creating and developing investment banking in Iran faces instructional challenges.

#### 9. 4. 1. Subsidiary Hypotheses (testing the questions related to this hypothesis)

In this research, five questions (questions 16 to 20 in the questionnaire) are designed in order to study the instructional challenges. As mentioned before for the principal hypothesis, each of the components can be studied in a separate hypothesis format. It should be noted that  $H_0$  and  $H_1$  are not defined for these components and their test results (output of student's T-test) are explained in table 10:

**Table 10:** Results of the tested questions related to the forth principal hypothesis

Tested Concept	Test Value = 3				
	T	Degree of Freedom	Mean Difference	95% Confidence Interval of the Difference	
				Low Limit	High Limit
The effect of experience related to investment banking	5.577	95	0.554	0.36	0.75
Suitability of educational resources available in investment banking	2.070	95	0.272	0.01	0.53
Effectiveness of comparative studies which have been done between Sharia Rules and the principles used in the west	1.613	95	0.185	-0.04	0.41
Applied financial knowledge available in investment banking services	10.215	95	0.859	0.69	1.03
Not paying attention to education and not holding any meetings, seminars, and workshops	5.446	95	0.554	0.35	0.76

As it can be observed in table 10, except "Effectiveness of comparative studies which have been done between Sharia Rules and the principles used in the west", all other components related to this hypothesis are confirmed.

#### 10. Determining of Impact Factor:

The freedman test is used to recognize the intensity impact of each factor in four categories. According to SPSS results which are illustrated in table 11, cultural challenges are on the top priority and the lack of diversity in financial tools, instructional challenges, and structural challenges are on next priorities respectively.

**Table 11:** Priority of impact factor on developing investment banking in Iran

Research Factor	Test Results	Rank
Cultural challenges	2.75	1
Lack of diversity in financial tools	2.64	2
Instructional challenges	2.40	3
Structural challenges	2.21	4

#### 11. Conclusion

As mentioned before, investment banking firms are intermediaries that advise firms, distribute securities, and take principal positions in a market. In order to achieve the barriers and challenges facing the establishment of investment banking in Iran, some analyses and investigations have been performed.

This study focused on cultural challenges, lack of diversity in financial tools, instructional challenges, and structural challenges facing the development of investment banking in Iran. Since it is not too far from starting the first investment bank in Iran, different and fundamental challenges are faced in this relatively new phenomenon.

According to the findings and results of testing hypotheses, cultural challenges are the most important factors which reduce the growth speed of Iranian investment banks. To improve the current situation, it is suggested that top managers and leaders of Iran investment banks develop the culture of offering specialized services in financing the investment banks, develop their relationship with international financial institutions, design a systematic instruction program for their personnel to remove a traditional view on financing in investment banking, improve the knowledge of investors about long-term investments, and finally develop financial tools to increase the influence of investment banks in Iran financial markets.

Further study is proposed to test other challenges facing the establishment of investment banking such as embedding effective risk management, refocusing on client needs, taking sustainability seriously, and maximizing client profitability.

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